

BUDGET 2014-2015



PORT HURON MICHIGAN

OFFICE OF THE
CITY MANAGER

PROPOSED BUDGET
CITY OF PORT HURON
FOR
THE FISCAL YEAR
2014-2015

Prepared by the Director of Finance for the City Manager
and submitted to the City Council on April 28, 2014

CITY OF PORT HURON BUDGET FISCAL YEAR 2014-2015

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Schedule of Estimated Revenues - General Fund

SCHEDULE OF ESTIMATED REVENUES

GENERAL FUND

2014-2015

	Actual		Budget			
	2011-2012	2012-2013	2013-2014	2014-2015	Increase	Decrease
FUND BALANCE	\$	\$	\$ 230,000	\$ 231,777	\$ 1,777	\$
TAXES:						
Real property taxes	\$ 6,059,241	\$ 5,565,462	\$ 5,230,000	\$ 5,230,000	\$	\$
Personal property taxes	1,079,405	1,068,364	1,080,000	980,000		100,000
Income tax	5,818,786	5,868,284	5,800,000	5,900,000	100,000	
Payment in lieu of taxes	88,259	88,394	85,000	85,000		
Penalties and interest on taxes	117,694	343,716	115,000	215,000	100,000	
	<u>13,163,385</u>	<u>12,934,220</u>	<u>12,310,000</u>	<u>12,410,000</u>	<u>200,000</u>	<u>100,000</u>
BUSINESS LICENSES AND PERMITS:						
Second hand dealers	420					
Taxi drivers	1,687	2,279	2,300	2,300		
Taxi cabs	471	723	700	700		
Car wash	195					
Demolitions	8,997	9,650	8,000	9,000	1,000	
C.A.T.V.	321,394	328,351	325,000	325,000		
Miscellaneous	8,079	6,106	9,000	8,000		1,000
	<u>341,243</u>	<u>347,109</u>	<u>345,000</u>	<u>345,000</u>	<u>1,000</u>	<u>1,000</u>
NONBUSINESS LICENSES AND PERMITS:						
Dog	454	525	400	500	100	
Building	143,176	125,525	125,000	140,000	15,000	
Electrical	39,716	46,421	40,000	40,000		
Heating	98,678	55,572	50,000	50,000		
Plumbing	26,193	28,505	40,000	30,000		10,000
Right-of-way	15,910	6,168	11,600	9,500		2,100
Miscellaneous	2,094	1,500	3,000	5,000	2,000	
	<u>326,221</u>	<u>264,216</u>	<u>270,000</u>	<u>275,000</u>	<u>17,100</u>	<u>12,100</u>

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SCHEDULE OF ESTIMATED REVENUES

2014-2015

	Actual		Budget			
	2011-2012	2012-2013	2013-2014	2014-2015	Increase	Decrease
GRANTS	\$ 590,186	\$ 450,763	\$ 436,350	\$ 400,000		\$ 36,350
STATE SHARED REVENUE:						
Sales and use tax - constitutional	2,179,039	2,197,106	2,225,000	2,350,000	125,000	
Sales and use tax - statutory	1,177,448	988,357	975,000	1,075,000	100,000	
Liquor licenses	23,064	23,384	25,000	25,000		
	<u>3,379,551</u>	<u>3,208,847</u>	<u>3,225,000</u>	<u>3,450,000</u>	<u>225,000</u>	
CHARGES FOR SERVICES:						
Zoning board of appeals	2,300	2,200	2,800	2,600		200
20th and Court pool	7,079	3,662	3,000	7,000	4,000	
Sanborn pool	41,167	37,460	30,000	30,000		
Lakeside parking	64,582	49,966	60,000	50,000		10,000
Boat launch fees	40,662	32,519	36,000	36,000		
Recreational fees	164,698	210,733	200,000	210,000	10,000	
Lot splits	1,565	1,560	2,000	2,000		
Hydrant maintenance	56,040	56,040	57,520	58,640	1,120	
False alarm charges	800	2,104	2,000	2,000		
Blue Water Bridge reimbursement	275,000	300,000	300,000	300,000		
Summer tax collection fee	1,834	1,821	1,680	1,760	80	
County parks millage	135,931	131,095	130,000	130,000		
Miscellaneous	21,581	56,108	35,000	45,000	10,000	
	<u>813,239</u>	<u>885,268</u>	<u>860,000</u>	<u>875,000</u>	<u>25,200</u>	<u>10,200</u>
FINES AND FORFEITS:						
Parking violations	38,854	34,423	40,000	40,000		
Ordinance fines	81,198	102,638	85,000	105,000	20,000	
	<u>120,052</u>	<u>137,061</u>	<u>125,000</u>	<u>145,000</u>	<u>20,000</u>	
INVESTMENT INCOME	164,946	103,383	70,000	70,000		
RENTS	354,064	356,301	370,000	370,000		

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SCHEDULE OF ESTIMATED REVENUES

2014-2015

	Actual		Budget			
	2011-2012	2012-2013	2013-2014	2014-2015	Increase	Decrease
SALE OF ASSETS	\$ 1,600	\$ 71,162	\$ 560,000	\$ 180,000	\$	\$ 380,000
OTHER INCOME	96	3,955				
CHARGES TO OTHER FUNDS:						
Garbage and rubbish collection fund	107,793	92,485	90,693	93,697	3,004	
Marina fund	17,156	22,109	26,211	28,117	1,906	
Parking fund	10,969	10,655	11,733	12,528	795	
Water fund	611,301	603,132	607,515	662,635	55,120	
Wastewater fund	812,794	875,800	975,460	1,053,543	78,083	
Central stores fund	10,831	11,774	10,938	11,144	206	
Data processing fund	59,359	61,128	62,686	62,894	208	
Motor vehicle fund	185,302	161,610	154,503	152,941		1,562
	<u>1,815,505</u>	<u>1,838,693</u>	<u>1,939,739</u>	<u>2,077,499</u>	<u>139,322</u>	<u>1,562</u>
Subtotal	<u>21,070,088</u>	<u>20,600,978</u>	<u>20,741,089</u>	<u>20,829,276</u>	<u>629,399</u>	<u>541,212</u>
TRANSFERS FROM OTHER FUNDS:						
Land purchase fund			360,000	435,000	75,000	
			<u>360,000</u>	<u>435,000</u>	<u>75,000</u>	
TOTAL	<u>\$ 21,070,088</u>	<u>\$ 20,600,978</u>	<u>\$ 21,101,089</u>	<u>\$ 21,264,276</u>	<u>\$ 704,399</u>	<u>\$ 541,212</u>

Schedule of Estimated Expenditures

SCHEDULE OF ESTIMATED EXPENDITURES

2014-2015

GENERAL FUND	Actual		Budget			
	2011-2012	2012-2013	2013-2014	2014-2015	Increase	Decrease
General Government:						
City council	\$ 48,779	\$ 62,808	\$ 59,150	\$ 56,567	\$	\$ 2,583
City manager	299,126	268,442	276,271	278,608	2,337	
Elections	80,332	85,925	89,116	85,004		4,112
Finance and accounting	654,231	572,552	523,908	538,705	14,797	
Income tax	306,969	291,965	299,752	304,762	5,010	
Assessor	281,471	248,855	250,401	245,723		4,678
Legal	153,552	123,254	170,000	170,000		
Clerk	222,477	231,436	244,075	265,855	21,780	
Personnel	258,191	263,619	283,424	282,323		1,101
Purchasing	39,830	40,562	44,285	47,339	3,054	
Board of review	2,331	2,239	2,327	2,327		
Treasurer	181,760	170,012	170,852	224,483	53,631	
Municipal office center	694,591	674,256	675,389	684,352	8,963	
Promotional	95,296	10,503	15,000	15,000		
	<u>3,318,936</u>	<u>3,046,428</u>	<u>3,103,950</u>	<u>3,201,048</u>	<u>109,572</u>	<u>12,474</u>
Public Safety:						
Police administration	900,496	882,835	827,885	848,095	20,210	
Detectives	1,179,334	1,168,932	1,189,060	1,222,015	32,955	
Patrol	5,199,053	5,330,988	5,313,904	5,471,740	157,836	
Communications	85,188	51,731	38,520	41,420	2,900	
Fire	5,304,525	4,972,201	5,185,197	5,280,458	95,261	
Public safety - equipment grants	25,351					
	<u>12,693,947</u>	<u>12,406,687</u>	<u>12,554,566</u>	<u>12,863,728</u>	<u>309,162</u>	
Public Works:						
Inspection	268,824	288,392	285,897	315,677	29,780	
Emergency management	8,493	5,312	3,027	11,567	8,540	
Public works administration	206,993	201,068	204,866	207,118	2,252	
Engineering	232,834	215,755	263,079	240,418		22,661
Street lighting	917,955	909,400	926,227	953,548	27,321	
Blight and code enforcement	94,905	70,971	289,838	413,987	124,149	
	<u>1,730,004</u>	<u>1,690,898</u>	<u>1,972,934</u>	<u>2,142,315</u>	<u>192,042</u>	<u>22,661</u>

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SCHEDULE OF ESTIMATED EXPENDITURES

2014-2015

	Actual		Budget			
	2011-2012	2012-2013	2013-2014	2014-2015	Increase	Decrease
Senior Citizens:						
Wastewater and water discounts	\$ 1,922	\$ 1,532	\$ 2,000	\$ 2,000	\$	\$
Senior citizens transportation	11,953	587				
	<u>13,875</u>	<u>2,119</u>	<u>2,000</u>	<u>2,000</u>		
Recreation, Parks and Culture:						
Parks and forestry	981,766	1,045,599	1,065,928	1,053,731		12,197
Boat launch ramps			42,812	16,013		26,799
Recreation	490,593	592,560	488,476	503,234	14,758	
Rockin the rivers			48,580	40,045		8,535
20th and Court pool	66,286	69,836	66,838	68,608	1,770	
Sanborn pool	111,687	106,656	112,400	115,247	2,847	
Chillyfest			49,960			49,960
Lighthouse park	2,208	1,257	2,977	2,977		
Lakeside park	13,978	13,734	15,001	16,737	1,736	
Palmer park recreation center	144,243	139,897	157,746	168,550	10,804	
Lightship	2,769	926				
McMorran complex	250,000	250,000	530,000	250,000		280,000
Library	8,000	8,000	8,000	8,000		
Museum	101,455	71,768	98,056	86,029		12,027
	<u>2,172,985</u>	<u>2,300,233</u>	<u>2,686,774</u>	<u>2,329,171</u>	<u>31,915</u>	<u>389,518</u>
Other Functions:						
Planning	122,133	117,399	102,241	154,546	52,305	
Blue Water Bridge economic study	44,798	89,825	85,000	92,500	7,500	
Telephone service	11,880	10,472	11,224	7,668		3,556
Contingencies			40,000	40,000		
Insurance, health and safety	111,812	57,934	63,000	63,000		
Taxes written off	48,661	50,190	15,000	15,000		
Demolitions	108,887	102,086	80,000	50,000		30,000
	<u>448,171</u>	<u>427,906</u>	<u>396,465</u>	<u>422,714</u>	<u>59,805</u>	<u>33,556</u>
Subtotal	<u>20,377,918</u>	<u>19,874,271</u>	<u>20,716,689</u>	<u>20,960,976</u>	<u>702,496</u>	<u>458,209</u>

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SCHEDULE OF ESTIMATED EXPENDITURES

2014-2015

	Actual		Budget			
	2011-2012	2012-2013	2013-2014	2014-2015	Increase	Decrease
Public Improvements:						
Parks and recreation projects	\$ 594,010	\$ 333,015	\$ 217,000	\$ 30,000	\$	\$ 187,000
MOC capital	2,802	1,229		95,000	95,000	
Other public improvement		16,432	164,100	175,000	10,900	
	<u>596,812</u>	<u>350,676</u>	<u>381,100</u>	<u>300,000</u>	<u>105,900</u>	<u>187,000</u>
Subtotal	<u>20,974,730</u>	<u>20,224,947</u>	<u>21,097,789</u>	<u>21,260,976</u>	<u>808,396</u>	<u>645,209</u>
Transfer to Other Funds:						
Beautification commission fund	3,300	3,300	3,300	3,300		
Land Purchase fund		360,000				
Motor vehicle fund	80,000					
	<u>83,300</u>	<u>363,300</u>	<u>3,300</u>	<u>3,300</u>		
TOTAL GENERAL FUND	<u>21,058,030</u>	<u>20,588,247</u>	<u>21,101,089</u>	<u>21,264,276</u>	<u>808,396</u>	<u>645,209</u>
SPECIAL REVENUE FUNDS						
Street funds:						
Major streets	2,901,616	4,159,018	4,110,837	3,475,049		635,788
Local streets	1,568,246	1,437,861	2,744,145	2,754,564	10,419	
Municipal streets	2,656,220	1,924,686	2,509,465	3,827,269	1,317,804	
	<u>7,126,082</u>	<u>7,521,565</u>	<u>9,364,447</u>	<u>10,056,882</u>	<u>1,328,223</u>	<u>635,788</u>
Cemetery fund	347,442	373,061	506,788	495,411		11,377
Garbage and rubbish collection fund	1,927,410	1,819,612	1,705,310	1,763,028	57,718	
Rental certification fund	211,297	217,411	250,740	278,752	28,012	
OUIL fund	2,486	18,330	17,000	34,000	17,000	
Drug law enforcement fund	21,466	30,157	50,000	56,000	6,000	
Law enforcement fund	1,554	2,676	5,000	5,000		
Enhanced 911 fund	43,282	1,562	25,000	25,000		
Community development block grant fund	1,255,867	463,168	650,000	650,000		
Neighborhood rehabilitation fund	337,590	602,871	500,000			500,000
Home program fund	188,571	190,106	164,000	180,000	16,000	

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SCHEDULE OF ESTIMATED EXPENDITURES

2014-2015

	Actual		Budget			
	2011-2012	2012-2013	2013-2014	2014-2015	Increase	Decrease
Streetscape maintenance fund	\$ 32,971	\$ 38,499	\$ 70,000	\$ 70,000	\$	\$
Beautification commission fund	2,568	3,789	7,300	7,300		
TOTAL SPECIAL REVENUE FUNDS	11,498,586	11,282,807	13,315,585	13,621,373	1,452,953	1,147,165
ENTERPRISE FUNDS						
Marina fund	122,845	152,305	398,485	338,373		60,112
Senior Citizen Housing Fund				2,400,000	2,400,000	
Land purchase fund	2,922,883	2,575,914	3,485,000	885,000		2,600,000
Parking fund	104,312	100,072	122,425	130,714	8,289	
Water Fund:						
Treatment plant	1,891,435	1,927,345	2,202,467	2,588,257	385,790	
Distribution	770,278	986,830	1,093,000	1,116,497	23,497	
Customer accounting	248,178	269,135	263,365	428,712	165,347	
Meter reading	530,652	394,486	508,567	473,967		34,600
Debt service	3,545,954	8,595,855	3,901,500	4,295,000	393,500	
Capital outlay	7,665,770	1,579,891	5,850,000	3,360,000		2,490,000
	<u>14,652,267</u>	<u>13,753,542</u>	<u>13,818,899</u>	<u>12,262,433</u>	<u>968,134</u>	<u>2,524,600</u>
Wastewater Fund:						
Treatment plant	4,460,003	4,471,016	5,036,584	5,458,505	421,921	
Collection, general	1,768,657	1,996,872	2,195,650	2,432,548	236,898	
Collection system no. 1	17	18	219	220	1	
Collection system no. 2	24,671	33,145	44,305	46,999	2,694	
Collection system no. 3	31,749	41,776	62,624	74,688	12,064	
Debt service	17,003,409	7,101,556	7,198,000	7,274,000	76,000	
Capital outlay	6,518,898	2,576,975	6,870,000	4,610,000		2,260,000
	<u>29,807,404</u>	<u>16,221,358</u>	<u>21,407,382</u>	<u>19,896,960</u>	<u>749,578</u>	<u>2,260,000</u>
TOTAL ENTERPRISE FUNDS	47,609,711	32,803,191	39,232,191	35,913,480	4,126,001	7,444,712

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SCHEDULE OF ESTIMATED EXPENDITURES

2014-2015

	Actual		Budget			
	2011-2012	2012-2013	2013-2014	2014-2015	Increase	Decrease
INTERNAL SERVICE FUNDS						
Central stores fund	\$ 104,904	\$ 108,425	\$ 133,129	\$ 135,272	\$ 2,143	\$
Data processing fund	589,799	602,901	722,982	749,737	26,755	
Motor vehicle fund	1,662,316	1,514,091	2,152,595	2,095,191		57,404
Energy performance services fund	790,389	365,482	300,000	330,000	30,000	
Insurance and fringe benefit fund	9,646,171	10,093,174	11,278,000	11,270,000		8,000
TOTAL INTERNAL SERVICE FUNDS	12,793,579	12,684,073	14,586,706	14,580,200	58,898	65,404
TAX INCREMENT FUNDS						
Industrial park tax increment fund	1,488,111	1,198,000	1,105,000	1,058,000		47,000
Paper company tax increment fund	437,058	121,986	370,000	376,000	6,000	
Krafft-Holland tax increment fund	536,708	507,700	472,000	522,000	50,000	
Peerless site tax increment fund	66,113	82,963	45,000	45,000		
Downtown development authority operating fund	527,151	308,383	169,500	194,500	25,000	
Water street tax increment fund	409,982	433,717	358,000	315,000		43,000
Bank tax increment fund	171,741	120,765	48,000	8,000		40,000
Harrington Hotel tax increment fund	11,675	8,675	100,000	90,000		10,000
Edison redevelopment tax increment fund	445,820	378,485	257,000	262,000	5,000	
Mainstreet tax increment fund	39,339	218,588	80,000	60,000		20,000
Industrial park expansion tax increment fund	340,651	451,008	349,000	354,000	5,000	
Brownfield redevelopment tax increment fund:						
Southside Redevelopment	242,955	280,834	267,000	283,000	16,000	
Harker Street Redevelopment			520,000	25,000		495,000
Sperry's Redevelopment			8,000	8,000		
TOTAL TAX INCREMENT FUNDS	4,717,304	4,111,104	4,148,500	3,600,500	107,000	655,000
TOTAL ALL FUNDS	\$ 97,677,210	\$ 81,469,422	\$ 92,384,071	\$ 88,979,829	\$ 6,553,248	\$ 9,957,490

Summary of Estimated Requirements by Budget Class

SCHEDULE OF ESTIMATED REQUIREMENTS BY BUDGET CLASSES

2014-2015

GENERAL FUND	Personal Services	Supplies and Materials	Contractual Services	Total Recurring Expenses	Capital Outlay	Total
General Government:						
City council	\$ 12,600	\$ 1,300	\$ 42,667	\$ 56,567	\$	\$ 56,567
City manager	248,102	1,300	29,206	278,608		278,608
Elections	56,560	8,600	19,844	85,004		85,004
Finance and accounting	454,478	7,000	77,227	538,705		538,705
Income tax	232,236	27,245	45,281	304,762		304,762
Assessor	188,108	8,050	49,565	245,723		245,723
Legal		150	169,850	170,000		170,000
Clerk	216,157	1,790	47,908	265,855		265,855
Personnel	243,162	3,100	36,061	282,323		282,323
Purchasing	40,838	300	6,201	47,339		47,339
Board of review	1,800		527	2,327		2,327
Treasurer	164,474	12,630	47,379	224,483		224,483
Municipal office center	226,944	27,094	426,314	680,352	4,000	684,352
Promotional			15,000	15,000		15,000
	<u>2,085,459</u>	<u>98,559</u>	<u>1,013,030</u>	<u>3,197,048</u>	<u>4,000</u>	<u>3,201,048</u>
Public Safety:						
Police administration	680,264	21,980	145,851	848,095		848,095
Detectives	1,108,137	19,300	94,578	1,222,015		1,222,015
Patrol	4,901,458	112,090	458,192	5,471,740		5,471,740
Communications			41,420	41,420		41,420
Fire	4,766,289	170,651	332,458	5,269,398	11,060	5,280,458
	<u>11,456,148</u>	<u>324,021</u>	<u>1,072,499</u>	<u>12,852,668</u>	<u>11,060</u>	<u>12,863,728</u>
Public Works:						
Inspection	283,193	1,950	30,534	315,677		315,677
Emergency management		545	11,022	11,567		11,567
Public works administration	197,624	300	9,194	207,118		207,118
Engineering	174,000	6,100	60,318	240,418		240,418
Street lighting	13,720	2,000	937,828	953,548		953,548
Blight	332,281	6,150	75,556	413,987		413,987
	<u>1,000,818</u>	<u>17,045</u>	<u>1,124,452</u>	<u>2,142,315</u>		<u>2,142,315</u>

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SCHEDULE OF ESTIMATED REQUIREMENTS BY BUDGET CLASSES

2014-2015

	<u>Personal Services</u>	<u>Supplies and Materials</u>	<u>Contractual Services</u>	<u>Total Recurring Expenses</u>	<u>Capital Outlay</u>	<u>Total</u>
Senior Citizens:						
Wastewater and water discounts	\$	\$	\$ 2,000	\$ 2,000	\$	\$ 2,000
			2,000	2,000		2,000
Recreation, Parks and Culture:						
Parks and forestry	564,455	78,320	385,956	1,028,731	25,000	1,053,731
Boat launch ramps	6,313	2,050	7,650	16,013		16,013
Recreation	331,947	60,900	110,387	503,234		503,234
Rockin the rivers	1,320	2,675	36,050	40,045		40,045
20th and Court pool	30,576	12,073	25,959	68,608		68,608
Sanborn pool	69,631	14,280	31,336	115,247		115,247
Chillyfest						
Lighthouse park	327	1,800	850	2,977		2,977
Lakeside park	657	3,100	12,980	16,737		16,737
Palmer park recreation center	124,626	3,650	40,274	168,550		168,550
McMorran complex			175,000	175,000	75,000	250,000
Library			8,000	8,000		8,000
Museum	404	500	85,125	86,029		86,029
	<u>1,130,256</u>	<u>179,348</u>	<u>919,567</u>	<u>2,229,171</u>	<u>100,000</u>	<u>2,329,171</u>
Other Functions:						
Planning	126,124	3,400	25,022	154,546		154,546
Blue Water Bridge economic development plan			92,500	92,500		92,500
Telephone service		1,000	6,668	7,668		7,668
Contingencies			40,000	40,000		40,000
Insurance, health and safety	8,800	1,720	52,480	63,000		63,000
Taxes written off			15,000	15,000		15,000
Demolitions		1,000	49,000	50,000		50,000
	<u>134,924</u>	<u>7,120</u>	<u>280,670</u>	<u>422,714</u>		<u>422,714</u>
Subtotal	<u>15,807,605</u>	<u>626,093</u>	<u>4,412,218</u>	<u>20,845,916</u>	<u>115,060</u>	<u>20,960,976</u>

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SCHEDULE OF ESTIMATED REQUIREMENTS BY BUDGET CLASSES

2014-2015

	<u>Personal Services</u>	<u>Supplies and Materials</u>	<u>Contractual Services</u>	<u>Total Recurring Expenses</u>	<u>Capital Outlay</u>	<u>Total</u>
Public Improvements:						
Parks and recreation projects	\$	\$	\$	\$	\$ 30,000	\$ 30,000
MOC Capital					95,000	95,000
Other public improvements					175,000	175,000
					<u>300,000</u>	<u>300,000</u>
Subtotal	<u>15,807,605</u>	<u>626,093</u>	<u>4,412,218</u>	<u>20,845,916</u>	<u>415,060</u>	<u>21,260,976</u>
Transfer to Other Funds:						
Beautification commission fund			3,300	3,300		3,300
			<u>3,300</u>	<u>3,300</u>		<u>3,300</u>
TOTAL GENERAL FUND	<u>15,807,605</u>	<u>626,093</u>	<u>4,415,518</u>	<u>20,849,216</u>	<u>415,060</u>	<u>21,264,276</u>
SPECIAL REVENUE FUNDS						
Street funds:						
Major streets	902,915	219,420	2,352,714	3,475,049		3,475,049
Local streets	595,115	105,511	2,053,938	2,754,564		2,754,564
Municipal streets	38,448	3,210	3,785,611	3,827,269		3,827,269
	<u>1,536,478</u>	<u>328,141</u>	<u>8,192,263</u>	<u>10,056,882</u>		<u>10,056,882</u>
Cemetery fund	316,842	29,488	126,081	472,411	23,000	495,411
Garbage and rubbish collection fund	84,872	3,848	1,674,308	1,763,028		1,763,028
Rental certification fund	247,317	5,200	26,235	278,752		278,752
OUIL fund		5,500	8,500	14,000	20,000	34,000
Drug law enforcement fund		10,000	6,000	16,000	40,000	56,000
Law enforcement fund		5,000		5,000		5,000
Enhanced 911 fund					25,000	25,000
Community development block grant fund	115,860	700	13,440	130,000	520,000	650,000
Neighborhood rehabilitation fund						
Home program fund	17,325	565	110	18,000	162,000	180,000

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SCHEDULE OF ESTIMATED REQUIREMENTS BY BUDGET CLASSES

2014-2015

	Personal Services	Supplies and Materials	Contractual Services	Total Recurring Expenses	Capital Outlay	Total
Streetscape maintenance fund	\$ 1,650	\$ 350	\$ 44,000	\$ 46,000	\$ 24,000	\$ 70,000
Beautification commission fund		6,500	800	7,300		7,300
TOTAL SPECIAL REVENUE FUNDS	2,320,344	395,292	10,091,737	12,807,373	814,000	13,621,373
ENTERPRISE FUNDS						
Marina fund	9,900	3,335	280,138	293,373	45,000	338,373
Senior Citizen Housing fund			2,400,000	2,400,000		2,400,000
Land purchase fund			860,000	860,000	25,000	885,000
Parking fund	30,389	7,620	92,705	130,714		130,714
Water Fund:						
Treatment plant	878,016	199,520	1,039,021	2,116,557	471,700	2,588,257
Distribution	548,120	100,303	440,907	1,089,330	27,167	1,116,497
Customer accounting	238,140	71,881	118,691	428,712		428,712
Meter reading	235,194	47,308	140,124	422,626	51,341	473,967
Debt service			4,295,000	4,295,000	3,360,000	7,655,000
	<u>1,899,470</u>	<u>419,012</u>	<u>6,033,743</u>	<u>8,352,225</u>	<u>3,910,208</u>	<u>12,262,433</u>
Wastewater Fund:						
Treatment plant	1,959,660	494,019	2,664,826	5,118,505	340,000	5,458,505
Collection, general	810,082	145,564	1,263,568	2,219,214	213,334	2,432,548
Collection system no. 1			220	220		220
Collection system no. 2	8,478	10,500	28,021	46,999		46,999
Collection system no. 3	7,475	6,500	60,713	74,688		74,688
Debt service			7,274,000	7,274,000	4,610,000	11,884,000
	<u>2,785,695</u>	<u>656,583</u>	<u>11,291,348</u>	<u>14,733,626</u>	<u>5,163,334</u>	<u>19,896,960</u>
TOTAL ENTERPRISE FUNDS	4,725,454	1,086,550	20,957,934	26,769,938	9,143,542	35,913,480

(Continued on next page)

SCHEDULE OF ESTIMATED REQUIREMENTS BY BUDGET CLASSES

2014-2015

	<u>Personal Services</u>	<u>Supplies and Materials</u>	<u>Contractual Services</u>	<u>Total Recurring Expenses</u>	<u>Capital Outlay</u>	<u>Total</u>
INTERNAL SERVICE FUNDS						
Central stores fund	\$ 14,850	\$ 35,600	\$ 65,822	\$ 116,272	\$ 19,000	\$ 135,272
Data processing fund	393,893	70,800	191,544	656,237	93,500	749,737
Motor vehicle fund	531,007	454,868	609,901	1,595,776	499,415	2,095,191
Energy performance services fund			30,000	30,000	300,000	330,000
Insurance and fringe benefit fund	<u>10,739,000</u>	<u>500</u>	<u>530,500</u>	<u>11,270,000</u>		<u>11,270,000</u>
TOTAL INTERNAL SERVICE FUNDS	<u>11,678,750</u>	<u>561,768</u>	<u>1,427,767</u>	<u>13,668,285</u>	<u>911,915</u>	<u>14,580,200</u>
TAX INCREMENT FUNDS						
Industrial park tax increment fund			1,058,000	1,058,000		1,058,000
Paper company tax increment fund			376,000	376,000		376,000
Krafft-Holland tax increment fund			522,000	522,000		522,000
Peerless site tax increment fund			45,000	45,000		45,000
Downtown development authority operating fund			194,500	194,500		194,500
Water street tax increment fund			310,000	310,000	5,000	315,000
Bank tax increment fund			3,000	3,000	5,000	8,000
Harrington Hotel tax increment fund			10,000	10,000	80,000	90,000
Edison redevelopment tax increment fund			247,000	247,000	15,000	262,000
Mainstreet tax increment fund			50,000	50,000	10,000	60,000
Industrial park expansion tax increment fund			279,000	279,000	75,000	354,000
Brownfield redevelopment tax increment funds:						
Southside redevelopment			283,000	283,000		283,000
Harker Street redevelopment			25,000	25,000		25,000
Sperry's redevelopment			<u>8,000</u>	<u>8,000</u>		<u>8,000</u>
TOTAL TAX INCREMENT FUNDS			<u>3,410,500</u>	<u>3,410,500</u>	<u>190,000</u>	<u>3,600,500</u>
TOTAL ALL FUNDS	<u>\$ 34,532,153</u>	<u>\$ 2,669,703</u>	<u>\$ 40,303,456</u>	<u>\$ 77,505,312</u>	<u>\$ 11,474,517</u>	<u>\$ 88,979,829</u>

Appendix - Budget Explanation



BUDGET OVERVIEW



A. Continuing Cost Reduction Efforts



The City of Port Huron, like virtually all local governments in Michigan, continues to struggle with declining revenues and cost pressures outside the government’s control. As discussed on pages 28, 29 and 30, the City has reduced its employee count by over twenty-five percent since 2002. All revenues have fallen, particularly due to continuing State cuts of revenue sharing and declines in property values. Residential property values have fallen by over 40% since the 2008-09 year and taxable values have fallen by over 30%. As a result, property taxes paid by City residents and landlords have decreased by over 28% over the past six years. Overall values, including industrial and commercial properties, have fallen by almost 35% and taxable values have fallen by 27.2%.



Initial General Fund revenue and expenditure estimates and requests for the fiscal year ending June 30, 2015 projected that expenditures would exceed revenues by almost \$1.5 million. As a result of the adjustments discussed below, the gap has been reduced by over \$900,000. In order to close the remaining budget gap, it is recommended that an operating transfer of \$340,000 be budgeted from the Land Purchase Fund and the use of fund balance be budgeted, though it is expected that actual results will be more positive and the fund balance won’t be used.

Prior to all of the City union agreements expiring on June 30, 2011, the City was able to finalize new agreements with each union. Those new agreements have resulted in significant cost reductions. For the current budget, it is estimated such cost reductions provided savings of approximately \$1.8 million across all funds of the City as a result of changes to employee pension contributions and provisions and changes in health care plans, including changes in co-pays and deductibles. No wage adjustments were granted during the three year contracts which will expire on June 30, 2014. The City has begun the process of contract negotiations for the upcoming budget year. Any changes to the existing union agreements are not expected to have a significant impact on the 2014-15 budget.

B. General Fund

The General Fund budget reflects expected declines in property taxes and slight increases in income tax revenues and State shared revenue. As part of an effort to reduce expenses, positions have been eliminated, positions have been reallocated and services have been consolidated.

In order to assure rating agencies and bond holders that costs will continue to be controlled, it is also proposed that City Council continue the policy of maintaining a minimum General Fund fund balance level of 13% to 15% of annual budgeted expenses. As of June 30, 2014, based on the proposed budget the percentage is expected to be 20.6%.

General Fund revenues have been relatively flat since the year ended June 30, 2000, increasing at less than the rate of inflation over that period (excluding an extraordinary income tax collection in 2008). Overall, General Fund revenues are expected to increase by less than \$165,000 in 2014-15. Property and income taxes and State revenue sharing are

expected to generate \$15.86 million in General Fund revenue for the year ending June 30, 2015. This is \$1.65 million less than those three revenue items generated thirteen years ago, during the year ended June 30, 2002.

The General Fund provides for a variety of governmental services, including public safety (police and fire services); parks, recreation and culture; public works; planning and inspection and general governmental services. The revenue declines discussed above have required that costs be reduced and, as a result, services have been reduced. It is believed most City services can be continued at the reduced levels. Revenue constrictions have impacted the City's ability to fund capital projects and most repair or rehabilitation projects within the General Fund continue to be postponed.

It is important to remember that there is some uncertainty to all of the revenue projections as the direction of the economy is unclear. This will necessitate close review of revenues throughout the year to determine if services can be restored or if additional cuts will be necessary.

In summary, the General Fund budget, as proposed, continues, but does not expand, most government services. The one exception to this would be the City's expanded Code Enforcement program. The proposed General Fund budget is predicated on current expected income tax revenues and the assumption that the City will qualify for the full amount of State shared revenues based upon current State estimates. It may need further review by Council during the upcoming year to either increase revenues or reduce services.

C. Garbage and Solid Waste

The funds for garbage and solid waste removal are provided by a 2.8173 mill property tax for that specific purpose. For the fiscal year ended June 30, 2009, this millage provided over \$2.1 million in annual revenue. These funds provided for not only weekly garbage and recycling services, but also provided for public area pickup in the City's various parks, beaches and parkways, a brush and branch pickup program and twice monthly street sweeping during the warmer months. Over the past six years, due to the significant decline in real estate values, revenues have decreased from a high of \$2.13 million for the fiscal year ended June 30, 2009 to an expected \$1.6 million for the fiscal year ending June 30, 2015. Because there were prior accumulated funds dedicated for rubbish and solid waste purposes, services had been continued at prior levels up to June 30, 2012.

The 2012-13 budget made several adjustments to past procedures as a result of declining revenues and the expenditure of the accumulated funds. Street sweeping services were moved to the Major and Local Streets funds and were reduced to a once per month service. Brush and branch pickup were moved to the General Fund's Parks and Forestry activity as of May, 2013 and will continue for a four week period in the spring and again in the fall. A nominal pick-up fee has been instituted in order to make the program more sustainable.

During February, 2013, the City Council approved a five-year contract with a new service provider which maintains service through June 30, 2018. It is anticipated that the changes discussed above will provide sufficient revenue to continue current services until at least June 30, 2016. If property tax revenues do not recover in the interim, this innovative contract would allow the City to re-open the contract in order to adjust service to a level sustainable by future property tax revenues. As an alternative, voters could approve a Headlee override millage adjustment to sustain current services.

St. Clair County is considering a proposal to increase the disposal fee to municipalities for Residential Solid Waste by \$8 per ton, an increase of over 40 percent. Such an increase, if enacted, would have a significant detrimental effect in the Garbage and Rubbish Collection Fund. Preliminary estimates are that the additional disposal fees would be approximately \$88,000 per fiscal year. The City will continue to monitor the status of this proposal.

D. Street Funds

Cities in Michigan receive state shared gas and weight taxes to partially offset the costs of maintaining and rebuilding major and local streets. These revenues have generally been sufficient for maintenance needs, but not for construction or major repairs. During the economic slowdown, these revenues have also declined over the prior several years. The proposed budget will continue maintenance and preventative maintenance programs at levels somewhat reduced from prior years. Reductions in personnel will allow annual operating expenses to be more closely aligned with the reduced revenues. As discussed above, street sweeping activities are now accounted for in the streets funds. The street construction millage, which was renewed for ten years in November, 2013, will provide approximately \$11.0 million for construction and street improvements for the ten-year period ending June 30, 2024. The street construction millage is an integral component of streets funding. This millage will allow the major rehabilitation of the City's streets to continue, when coupled with federal grants, state grants and the use of accumulated funds.

E. Utility Funds

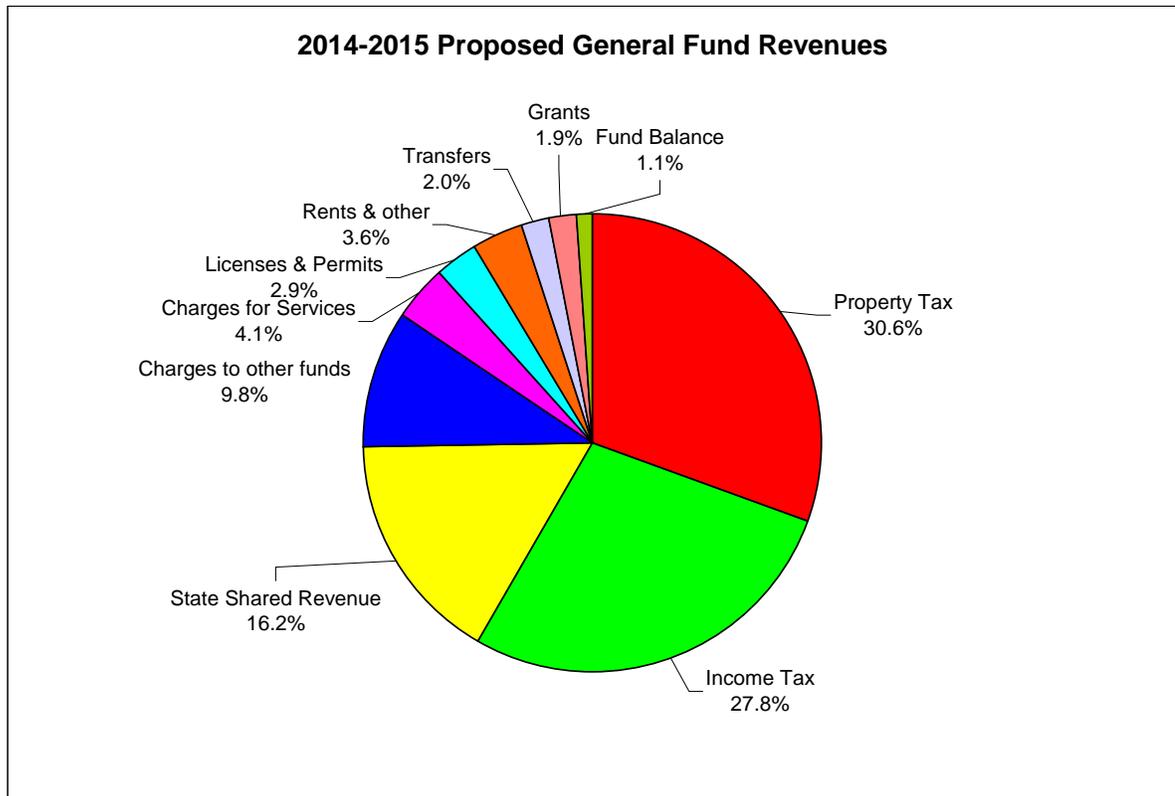
The City's two utility funds, the Water Fund and the Wastewater Fund, are budgeted to receive operating revenues of approximately \$19.2 million. The two funds' cost of operating, debt service and departmental capital costs are expected to be approximately \$24.2 million, a deficit of \$5.0 million. In order to provide sufficient funds to offset this deficit this budget proposes the use of water and wastewater accumulated balances and continues the supportive transfers from other City Funds. In addition, the budget proposes a 3.75% rate increase for both funds, which is expected to provide \$550,000 per year. This increase has been included in the projected revenues discussed above. The increase is being proposed to avoid an extremely large rate increase in the next three to four years and to minimize the interest rates on future borrowings. Water and wastewater usage through the most recent two years has declined somewhat.

The proposed budget assumes the City will continue to receive low interest loans from the State. The low interest loan program mandates that the rate system be adjusted as is appropriate. It is expected that the Utility systems will continue to provide safe, clean services at competitive rates. This budget also anticipates that the City will be moving to monthly Water and Sewer billing during the 2014-15 fiscal year. A more detailed discussion of this process begins on page 37.

F. General Fund Revenues

City revenues have been significantly affected by the economic and employment conditions that have prevailed in recent years. Over the past ten years General Fund revenues have grown at less than the rate of inflation. This has occurred while many commodities purchased by the City including gasoline, asphalt and natural gas have increased dramatically.

The following chart indicates the various General Fund revenue sources for 2014-15 and the proposed relative percentage supplied by each.



The City Council has the authority to levy a property tax as authorized by City Charter and citizen voted millages as follows:

City Charter Annual Operations	-	11.2696 mills
Refuse Collection	-	2.8173 mills
Municipal Streets Capital Outlay	-	2.0000 mills
Blue Water Transportation Authority	-	<u>.6214 mills</u>
Total		<u>16.7083 mills</u>

The taxable valuation of all property within the City, as compiled by the City Assessor and revised by the Board of Review, is as follows:

Assessment roll:	
Real property	\$501,148,465
Personal property	84,704,400
Special Acts assessment rolls:	
Industrial facilities roll:	
New facilities, real property	3,902,800
New facilities, personal property	18,825,000
Neighborhood enterprise zone, real property	111,526
Land bank, real property	545
Obsolete property rehabilitation, real property	<u>654,800</u>
	<u>\$609,347,536</u>

Taxable valuation has decreased by 2.6% overall. Real property values decreased by 0.1%, and personal property values decreased by 13.2%. State equalized valuation (SEV) has decreased by 2.0% overall. Real property values increased by 0.6%, while personal property values decreased by 13.2%.

Pursuant to currently enacted legislation, the State of Michigan will be phasing out the personal property tax. This will have a significant effect on the City of Port Huron's future finances. For the 2014-15 budget year, approximately 17% of the City's taxable value is due to personal property taxes (65% of which is industrial). Beginning with the 2014-15 budget year, companies having taxable value less than \$40,000 have been dropped from the tax rolls. The negative impact of City tax revenue is estimated to be approximately \$100,000 in the 2014-15 budget year.

However, the ultimate disposition of personal property tax reform remains in question. Personal property tax reform is contingent upon voters approving a use tax provision in the August 2014 statewide election. If approved, the State has pledged to provide full reimbursement for lost personal property tax revenue.

Proposal A, which was approved by the voters on March 15, 1994, increased the state sales and use tax as a means to reduce the reliance on local property taxes for school financing. The property tax portion of this proposal limits individual assessment increases to the rate of inflation (1.6% for 2014), or 5%, whichever is less. Beginning in 1994, taxable value replaced state equalized value as the basis for calculating property taxes. The taxable value for 2014 is the lower of the 2014 state equalized value or the 2013 taxable value adjusted by the rate of inflation for the period. When properties are sold, the limitation period no longer applies and taxable value will increase to one half true cash value (approximately one half market value). Taxable value can also increase or decrease due to physical changes in individual parcels.

The Headlee amendment to the State constitution requires a millage rollback if assessed value, excluding new construction, increases by more than the inflation rate. It currently does not appear that the City will be subject to a Headlee or other millage rollback and that City millage rates will remain the same as the prior year.

For 2014 and 2013, taxable value was lower than the state equalized value (SEV), resulting in property being taxed at an average of 97.3% and 98% of equalized value, as shown below:

	<u>2014</u>	<u>2013</u>
Equalized Value	\$626,104,300	\$638,739,600
Taxable Value	<u>609,347,536</u>	<u>625,661,500</u>
Difference	<u>\$ 16,756,764</u>	<u>\$ 13,078,100</u>

As there was for the 2013-14 year, there is a decrease in overall taxable values for the upcoming fiscal year. At this time, it is not clear whether real estate values will continue to decline or will stabilize during the upcoming year.

This proposed budget anticipates General Fund property tax revenue of \$6.21 million based on a net uncaptured taxable value of \$551,000,000 at the proposed millage rate of 11.2696 mills.

G. User Fees and Other Miscellaneous Revenues

The proposed 2014-15 General Fund budget anticipates approximately \$2.3 million in revenue from user fees and other revenues. User fee rates are reviewed annually and adjusted as necessary. Following is a list of the City's various categories of user fees and the projected amounts of revenue generated by each for 2014-15.

<u>Source</u>	<u>Anticipated Revenue</u>
Licenses and Permits:	
Cable television	\$ 325,000
Building permits	260,000
Other	<u>35,000</u>
	<u>620,000</u>
Charges for Services:	
Recreation fees	333,000
Blue Water Bridge reimbursement	300,000
County parks millage	130,000
Other	<u>112,000</u>
	<u>875,000</u>
Fines and Forfeits:	
Parking violations	40,000
Ordinance fines	<u>105,000</u>
	<u>145,000</u>
Investment Income	<u>70,000</u>
Rents - MOC	<u>370,000</u>
Sale of Assets	<u>180,000</u>
	<u>\$ 2,260,000</u>

Program fees for recreation activities are based upon the direct program costs for non residents with resident fees set at 50% of the calculated amount. Further, the recreation department continues to work with local foundations to generate increased grant revenues for both programs and projects.

The user fees and other miscellaneous revenues proposed for 2014-2015 are the equivalent of 4.1 mills of property tax.

H. State Shared Revenue

On March 21, 2011, Governor Rick Snyder presented a special message on community development and local government reforms. As part of that message, he announced the new Economic Vitality Incentive Program (EVIP), which replaced statutory revenue sharing, but at approximately 66% of prior levels. The state revenue sharing program distributes sales tax collected by the State of Michigan to local governments as unrestricted revenues. Previous funding of the program consisted of the following dedicated tax revenues:

- Constitutional - 15% of the 4% gross collections of the state sales tax
- Statutory - 21.3% of the 4% gross collections of the state sales tax

Distributions of constitutional revenue sharing are based on population. As a result, estimated revenue for 2014-15 has been based on the 2010 census. The formula for statutory distributions formerly included factors such as taxable value per capita, local unit

type, population and a tax rate yield equalization factor. The new EVIP program implemented by the State currently has three key aspects as follows:

1. Accountability and Transparency
2. Service Sharing and Consolidation
3. Employee Compensation Best Practices

The City has successfully met the first two criteria and will submit the required information for the third by June 1st. This budget has been prepared based upon the assumption that there will be a similar process for 2014-15 and the City will successfully meet each criteria.

An important difference between the two types of shared revenues is that, with constitutional revenue sharing, the percentage of receipts that must be shared with local units of government is fixed by the state constitution, while the percentage for the EVIP (formerly statutory revenue sharing) is set by the state legislature and is also subject to change by executive order of the governor. In recent years, as the state's budget crisis has become more acute, increasing amounts of those funds have been diverted to balance the state's budget and away from providing local government services. This trend is illustrated by the following table. Amounts distributed under both methods also fluctuate as economic conditions impact the amount of sales tax collected by merchants and remitted to the state treasury.

The following table shows the breakdown of the constitutional and statutory portions of the City's state revenue sharing since fiscal year 2000-01.

Fiscal Year	Constitutional	Statutory and EVIP	Total
2000-01	\$2,152,842	\$2,986,778	\$5,139,620
2001-02	2,119,531	2,780,554	4,900,085
2002-03	2,125,773	2,338,763	4,464,536
2003-04	2,120,819	2,175,381	4,296,200
2004-05	2,153,181	1,977,814	4,130,995
2005-06	2,204,657	1,867,450	4,072,107
2006-07	2,209,897	1,824,514	4,034,411
2007-08	2,206,481	1,693,247	3,899,728
2008-09	2,166,678	1,847,544	4,014,222
2009-10	2,025,303	1,355,698	3,381,001
2010-11	2,017,768	1,315,279	3,333,047
2011-12	2,179,039	1,177,448	3,356,487
2012-13	2,197,106	988,357	3,185,463
*2013-14	2,225,000	975,000	3,200,000
*2014-15	2,350,000	1,075,000	3,425,000

* Budgeted amount

Since fiscal year 2000-01, economic conditions in the State have resulted in the City receiving less actual and projected state shared revenue as illustrated in the following table:

Year	Amount of State Shared Revenue (SSR)	\$ Difference	% Difference	SSR as % of General Fund Expenditures
00-01	\$5,139,620	\$ 0	0.0%	25.3%
01-02	4,900,085	239,535	4.7%	23.5%
02-03	4,464,536	675,084	13.1%	22.4%
03-04	4,296,200	843,420	16.4%	21.4%
04-05	4,130,995	1,008,625	19.6%	19.1%
05-06	4,072,107	1,067,513	20.8%	18.1%
06-07	4,034,411	1,105,209	21.5%	17.6%
07-08	3,899,728	1,239,892	24.1%	15.5%
08-09	4,014,222	1,125,398	21.9%	17.5%
09-10	3,381,001	1,758,619	34.2%	15.3%
10-11	3,333,047	1,806,573	35.1%	15.3%
11-12	3,356,487	1,783,133	34.7%	15.9%
12-13	3,185,463	1,954,157	38.0%	15.5%
*13-14	3,200,000	1,939,620	37.7%	15.2%
*14-15	3,425,000	1,714,620	33.4%	16.1%

* Budgeted amount

Due to conservative budget estimates for State revenue sharing, the City has not experienced any mid-year reductions in municipal services as a result of the governor's executive orders, which reduced state revenue sharing payments to local units of government in prior years. However, the table above demonstrates that in the proposed budget, the City anticipates receiving approximately \$1.7 million less from this important revenue source than it received in 2000-01. **This loss of State shared revenue is equal to 3.1 mills of property tax, based on the City's 2014 taxable value.**

I. Income Tax Revenues

City income tax revenues have been estimated at \$5.9 million, slightly higher than the current year's expected amount. Over the past six years income tax revenues have been relatively flat as hiring by private employers has been offset by reductions in employment for public employers. **Projected income tax revenues are the equivalent of 10.7 mills of property tax.**

J. Grant Revenues

The 2014-15 budget includes expected grant revenue of \$220,000 for various public safety grants. Grant revenue also includes \$100,000 from the State of Michigan for economic development related to the Blue Water Bridge Plaza project and \$80,000 for the

Recreation Department to encourage and facilitate outdoor activities for community youth and provide funding for other Parks and Recreation sponsored activities and events.

K. Work Force Reductions

In order to reduce expenses as a result of the State revenue sharing, property tax and income tax reductions and to provide funds to subsidize utility rates, the City has reduced its work force. Since July 1, 2002, a net of 89 full-time positions have been or will be eliminated. Sixteen of the eliminated positions were division heads or supervisors, including 13 since 2008.

The budget presented for the fiscal year ending June 30, 2015 proposes that 3 full-time positions be eliminated. Also, included are 5 new positions and 2 re-instated positions. These eliminations are in addition to the budgeted positions eliminated since the fiscal year ended June 30, 2003.

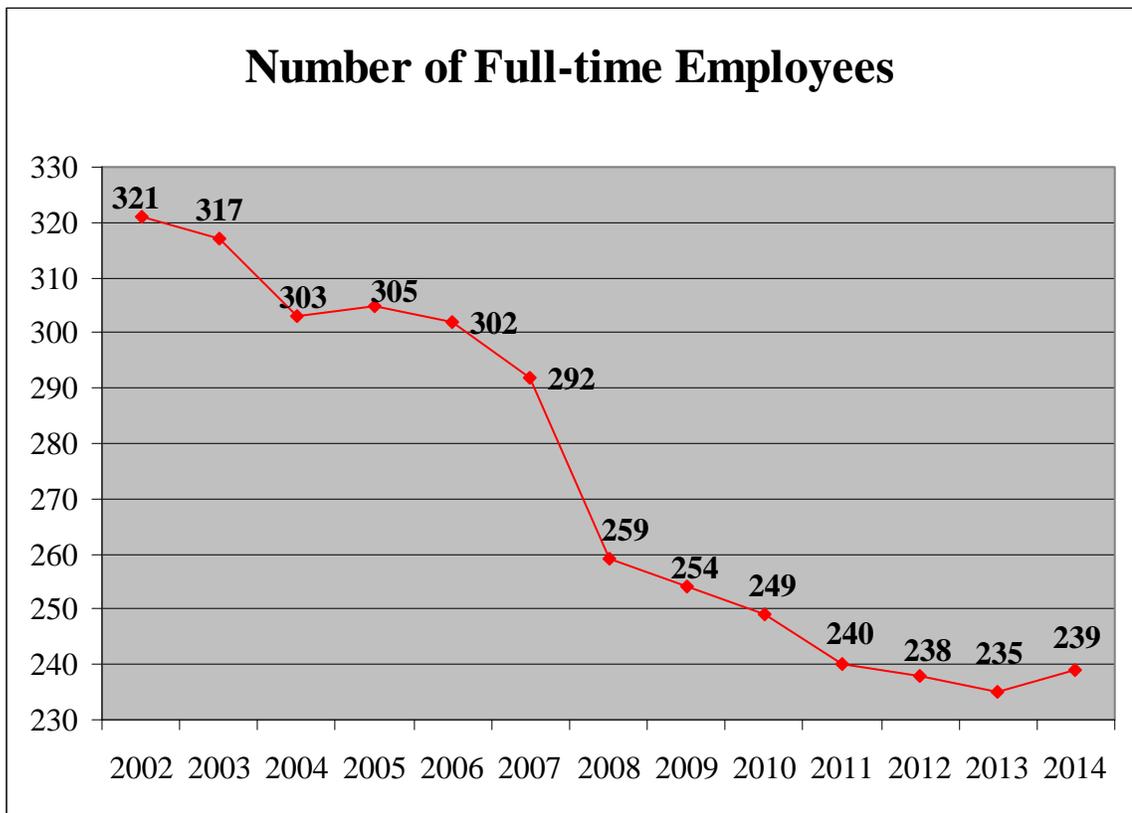
The eliminated positions can be summarized as follows:

<u>Department - Position</u>	<u>Number</u>	<u>Fiscal Year</u>
Parks and Forestry - Supervisor	1	June 30, 2003
Legal - Clerical	1	June 30, 2003
Fire - Firefighters	4	June 30, 2004
Treasurer - Cashier	1	June 30, 2004
Police - Police Officer	1	June 30, 2004
Parks and Forestry - Equipment Operator	1	June 30, 2006
Utilities - Instrument Technician	1	June 30, 2006
Utilities - Equipment Operator	1	June 30, 2006
Police - Clerical	1	June 30, 2006
City Manager - Assistant to City Manager	1	June 30, 2007
Police:		
Captain	1	June 30, 2007
Replaced by Police Officer	-1	June 30, 2007
Parks and Forestry - Equipment Operator	1	June 30, 2007
Utilities - Laboratory Technician	1	June 30, 2008
Inspection - Supervisor	1	June 30, 2008
Engineering - Engineer	1	June 30, 2008
Utilities - Equipment Operator	1	June 30, 2008
Cemetery - Equipment Operator	1	June 30, 2008
Information Technology - Programmer	1	June 30, 2008
Cemetery - Supervisor	1	June 30, 2008
Assessing - Clerical	1	June 30, 2008*
Clerk - Clerical (Marina, Blight, BPIC)	1	June 30, 2008*
Police - Community Services Officer	1	June 30, 2008*
Police - Parking Enforcement	1	June 30, 2008*
Fire - Firefighters	6	June 30, 2008*
Communications - Dispatch Supervisor	1	June 30, 2008*
Communications - Dispatchers	10	June 30, 2008*
Fire - Deputy Chief	1	June 30, 2009
Personnel - Health and Safety Supervisor	1	June 30, 2009

<u>Department - Position</u>	<u>Number</u>	<u>Fiscal Year</u>
Information Technology - Clerical	1	June 30, 2009
CDBG - Program Specialist	1	June 30, 2009
CDBG - Community Development Supervisor	1	June 30, 2009
DPW - Equipment Operators/Mechanics	3	June 30, 2009
Utilities – Equipment Operators	5	June 30, 2010
Legal - City Attorney	1	June 30, 2010
Treasurer – Account Clerk	1	June 30, 2010
Recreation - Specialist	1	June 30, 2010
Parks and Forestry - Equipment Operator	1	June 30, 2010
Cemetery – Equipment Operator	1	June 30, 2010
Rental Certification – Inspector	1	June 30, 2011
Parks and Forestry – Equipment Operator	2	June 30, 2011
Recreation – Recreation Supervisor	1	June 30, 2011
DPW – Equipment Operators/Service Attendants	6	June 30, 2011
Cemetery – Laborer	1	June 30, 2011
Utilities – Equipment Technician	1	June 30, 2011
Utilities - Equipment Operators/Laborers	4	June 30, 2011
Parking – Technician	1	June 30, 2012
Police – Lieutenants	2	June 30, 2012
Police – Police Officer	1	June 30, 2012
Fire – Lieutenant	1	June 30, 2012
DPW – Communications Coordinator	1	June 30, 2012
Utilities – Supervisor	1	June 30, 2012
DPW/Utilities – Equipment Operators, Technician	3	June 30, 2012
Finance – Deputy Assessor	1	June 30, 2012
Information Technology – Programmer	1	June 30, 2012
Finance – Clerical – Assessing	1	June 30, 2013
Personnel – Clerical	1	June 30, 2013
Fire – Fire Chief	1	June 30, 2013
Fire – Firefighter	1	June 30, 2013
Police – Reinstated Positions – Police Officers	-2	June 30, 2013
Engineering – Engineer	1	June 30, 2014
DPW – Vehicle/Equipment Mechanic	1	June 30, 2014
Finance – Clerical	1	June 30, 2014
DPW – Water Meter Technician	1	June 30, 2014
Recreation – Activities Coordinator	-1	June 30, 2014
Water Meter Technician	1	June 30, 2015
Engineering Assistant II	1	June 30, 2015
Streets Superintendent	1	June 30, 2015
Cemetery Supervisor	-1	June 30, 2015
Code Enforcement Secretary	-1	June 30, 2015
Utilities Account Clerk/Cashier	-2	June 30, 2015
Code Enforcement Lieutenant	-1	June 30, 2015
DPW Administrative Coordinator	-1	June 30, 2015
Treasurer – Account Clerk	<u>-1</u>	June 30, 2015
Total	<u>89</u>	

* Service reduction budget adjustments - September, 2007

Since 2002, the number of full time City employees has been reduced by over 25% as illustrated in the graph below showing filled positions at each year end:



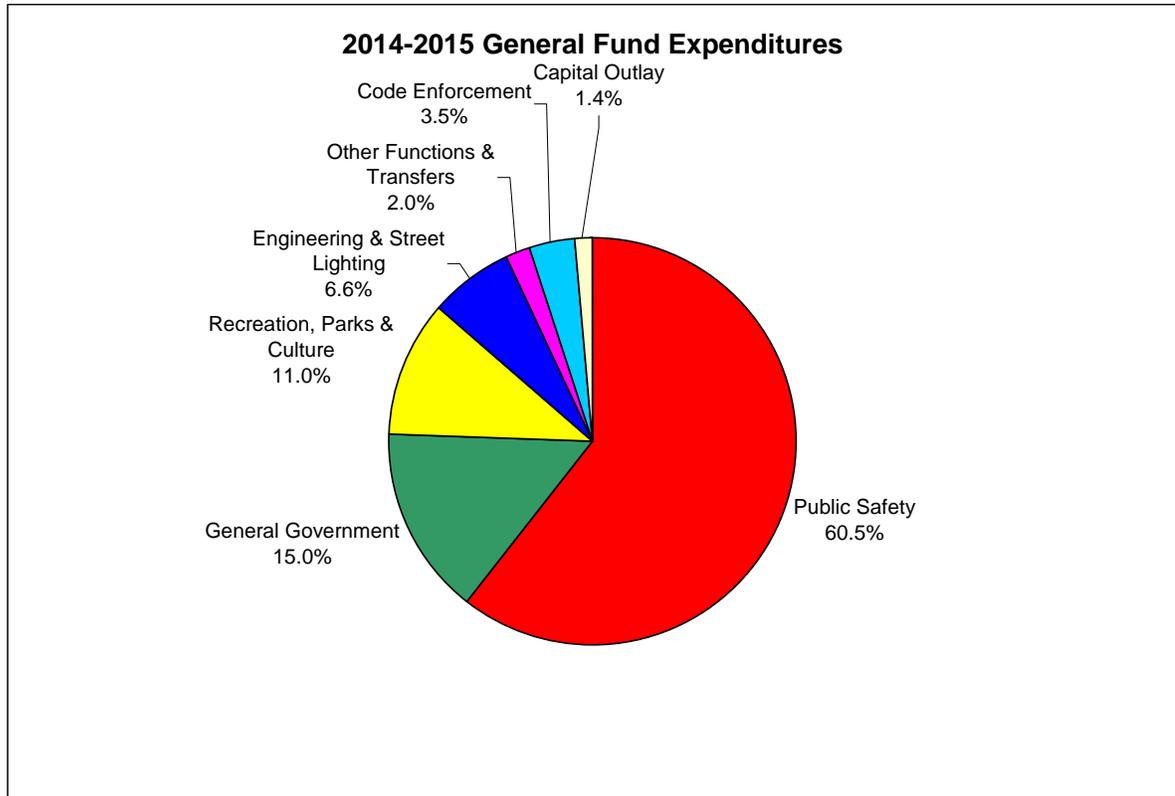
L. General Fund Expenditures

The proposed budget generally continues current services and does not provide for any new General Fund programs except for the City’s expanded Code Enforcement Program. **Proposed operating expenses for the fiscal year ending June 30, 2015 are approximately \$750,000 higher than comparable budgeted operating expenses for the proposed budget for 2013-14, an increase of 3.8 percent.**

Capital outlay is proposed to decrease by \$421,940 to \$415,060 compared to the 2013-14 adopted budget. The capital outlay budget of \$415,060 has been proposed in order to provide for necessary improvements and maintenance to governmental facilities and equipment used to provide services. Projected capital outlay includes the following:

Public Safety - Equipment	\$ 76,060
Parks and Recreation - County Millage	130,000
MOC Capital	95,000
Other Public Improvements	<u>114,000</u>
	<u>\$ 415,060</u>

The illustration below depicts the major categories of General Fund expenditures for 2014-15 and the relative percentage of each:



After charging other funds for their cost of administrative expenses and receiving MOC rent, net general government expenses are actually only 3.5% of General Fund expenditures.

Proposed expenditures of the General Fund, detailed herein, may be further summarized as follows:

Personal services	\$ 15,807,605
Supplies and materials	626,093
Contractual services	<u>4,412,218</u>
Total Operating Expenses	20,845,916
Transfers	3,300
Capital outlay:	
Departmental	80,060
Recreational projects – County millage	130,000
MOC capital	95,000
Available for other public improvements and/or salary adjustments	<u>110,000</u>
Total	<u>\$ 21,264,276</u>

M. Increases in Operating Costs

Comparisons for each operating activity, with previous years, are summarized in schedules made part of this report.

Two components of the City's operating costs have increased significantly over the past several years. Through policy changes and contract negotiations, the City has taken action to slow the increases and to try to reduce costs.

- Pension Costs Full-time City employees are members of the Municipal Employees Retirement System of Michigan (MERS). Employer contribution percentages to this defined benefit plan for the upcoming fiscal year are expected to remain relatively the same as the current year. Full-time employees, other than public safety, hired after July 1, 2008, will be covered by a MERS hybrid pension plan, which is expected to reduce long-term costs substantially. All employees hired prior to July 1, 2008, have had employee pension contributions increased by a cumulative 8% effective July 1, 2013.
- Healthcare Insurance Premiums The City of Port Huron provides health insurance to full time employees and eligible retirees. The proposed budget anticipates the cost for existing employees will remain relatively steady as negotiations with all of our unions have resulted in an emphasis on preventative care, cost sharing and reduced employer costs. The City has moved to a self-insured program with higher deductibles and co-pays. Preliminary cost results to date have been favorable. The proposed costs are summarized as follows:

Active Employee Health Costs	\$ 2,075,000
Retired Employee Health Costs	<u>3,400,000</u>
Total	<u>\$ 5,475,000</u>

The City has engaged an advisor for health care matters. The advisor has extensive experience helping governmental units manage their benefits program and keeping costs as low as possible.

Also, the City was required to change its method of accounting for retiree health care benefits during the year ended June 30, 2009. Under prior accounting standards, retiree healthcare costs were only recognized when the costs were paid. Under the current accounting standards, the City is required to record a liability for the actuarially computed annual obligation. This procedure is similar to current accounting for pension plans, where funds are accumulated for the eventual liability during the employment period. The City expects that it will be able to continue to fully fund the annual required contribution (ARC) from funds accumulated for that purpose. By setting funds aside, the future cost of retiree healthcare will be reduced.

N. Support For Recreation, Parks and Culture

The City of Port Huron recreation department provides recreation programs and other activities at the various public parks, playgrounds, pools and beaches. These facilities are maintained by the parks and forestry division. In addition, the City provides significant annual support to the McMorran Auditorium and Arenas, the Port Huron Museum and its various locations and the municipal marinas.

The proposed McMorran subsidy continues at a reduced level of \$250,000 for the fourth consecutive year. The subsidy consists of \$175,000 for operations and \$75,000 for

capital (funded by the county recreation millage). This represents a reduction from previous years, which averaged in excess of \$335,000.

The City owns the following facilities which it leases to the Port Huron Museum:

- Carnegie Center (Main Museum Facility)
- Thomas Edison Depot
- Huron Lightship
- Fort Gratiot Hospital (under restoration)

Under the current lease terms of these facilities, the City pays all utility, insurance and maintenance costs (with the exception of utilities and maintenance costs for the Huron Lightship, as discussed below). In addition, the City has made major improvements to the facilities. This budget proposes that the Museum continues to pay all operating expenses of the Huron Lightship, which will continue to make the Museum more self-sufficient and less dependent on City taxpayers.

The City has provided marina services along Black River in the downtown area and at the Water Street Marina near the I-94 Black River Bridge. These operations have seen reduced usage and increased maintenance costs and have continued to operate at a deficit. The City has contracted with Desmond Marine to operate the downtown River Street Marina. The City has retained responsibility for certain annual expenses but expects the annual operating deficit to begin to be reduced. The City sold the Water Street Marina effective June 30, 2009, however, the previous developer could not attain financing for construction of a hotel. The City repurchased the property during December of 2012. The property was subsequently sold to a new developer in the spring of 2013, and a hotel is expected to be built and in operation by the fall of 2014.

The budget for parks and recreation programs and services is \$2,329,171. This portion of the budget includes the City's parks and playgrounds, beaches and pools, boat launches, riverfront parkways, the Palmer Park Recreation Center and the City's many forested public areas and boulevards. Recreation and other fees, grants and the County parks millage offset certain of these costs. During the past years these fees have been increased to cover direct program costs.

O. General Fund Comparison

The General Fund budget presented herein may be summarized and compared with the amended budget for the current fiscal year ending June 30, 2014, as follows:

	<u>Proposed Budget 2014-2015</u>	<u>Budget for 2013-2014</u>	<u>Increase or (Decrease)</u>
Means of Financing:			
Estimated designated fund balance			
at July 1	\$ 231,777	\$ 230,000	\$ 1,777
Property taxes	6,510,000	6,510,000	
Income tax	5,900,000	5,800,000	100,000
Business licenses and permits	345,000	345,000	
Nonbusiness license permits	275,000	270,000	5,000
Grants	400,000	436,350	(36,350)

	Proposed Budget <u>2014-2015</u>	Budget for <u>2013-2014</u>	Increase or <u>(Decrease)</u>
State shared revenue	\$ 3,450,000	\$ 3,225,000	\$ 225,000
Charges for services	875,000	860,000	15,000
Fines and forfeits	145,000	125,000	20,000
Investment income	70,000	70,000	
Rents	370,000	370,000	
Sale of assets	180,000	560,000	(380,000)
Charges to other funds	2,077,499	1,939,739	137,760
Transfer from other funds	435,000	360,000	75,000
Total	<u>\$ 21,264,276</u>	<u>\$ 21,101,089</u>	<u>\$ 163,187</u>
Estimated Requirements:			
General government	\$ 3,201,048	\$ 3,103,950	\$ 97,098
Public safety	12,863,728	12,554,566	309,162
Public works	2,142,315	1,972,934	169,381
Senior citizens	2,000	2,000	
Recreation, parks and culture	2,329,171	2,686,774	(357,603)
Other functions	422,714	396,465	26,249
Capital outlay	300,000	381,100	(81,100)
Transfers to other funds	3,300	3,300	
Total	<u>\$ 21,264,276</u>	<u>\$ 21,101,089</u>	<u>\$ 163,187</u>

The increase in general government is primarily due to the increase in the fringe benefit rate and additional costs of processing and collecting monthly water bills. The increase in public safety is due to the increase in the fringe benefit rate and the budgeting of additional overtime programs to be reimbursed by grants. The increase in public works is due to the City's expanded Code Enforcement Program. The decrease in recreation, parks, and culture is due to the extraordinary McMorran capital item in the 2013-14 budget, which is not included in the 2014-15 budget.

P. Water and Wastewater Funds

The City of Port Huron operates two utility funds, the Water Fund and the Wastewater Fund. The Water Fund accounts for the operation of the City's water treatment plant and distribution system. The City provides water service to all City residents and businesses, as well as to portions of the townships of Fort Gratiot, Port Huron, Kimball and Clyde. Services to those townships are charged based on water usage and rates charged to City of Port Huron users, by contract. The Wastewater Fund accounts for the operation of the City's wastewater treatment facility and collection system. In addition to providing services to City residents, the wastewater treatment facility also provides services to portions of the townships of Fort Gratiot, Port Huron and Kimball. The three townships have purchased capacity in the wastewater treatment facility and share in annual operating expenses based on fixed contractual percentages.

Q. Combined Sewer Overflow Project

The Michigan Department of Environmental Quality (MDEQ) mandated that the City of Port Huron undertake a 15-year program to eliminate all combined sewer overflows (CSO). In 2007 the MDEQ granted the City a four year extension through December 31, 2016. The cost of this program is expected to be \$185 million over 19 years. At the conclusion of the current fiscal year, approximately 94% of the areas will have been separated.

This has resulted in the following benefits:

- The elimination of approximately 299 million gallons of pollution to our waterways annually;
- The construction of 90 miles of new sewers;
- The replacement of 59 miles of water lines, some of which were over 80 years old;
- The reconstruction of 77 miles of streets.

To date, over sixteen years, approximately \$175.8 million has been expended or is under contract and the project remains within budget and on schedule.

R. Bond Commitments

The State of Michigan, through the Michigan Municipal Bond Authority (MMBA), has approved borrowings under the State Revolving Fund (SRF) and Drinking Water Revolving Fund (DWRF) loan programs subject to certain conditions. Among the conditions are those prescribed by the MMBA’s public financial consultants which include, in part, the following two conditions which are similar to those contained in the bond ordinances and agreements.

1. Water and Sewer Use Revenue – Sufficient revenues are generated from water supply and sewage disposal services to satisfy all operations, maintenance and replacement costs. It is projected and understood that significant rate increases will be required over the next few years.
2. Rate Adjustments – All rates, charges and fees shall be reviewed annually and adjusted as necessary to assure that, at the minimum, sufficient revenues will be available to satisfy all operation, maintenance, replacement and debt service costs to the system.

Recorded in the various funds of the City are general obligation bonds and purchase contracts amounting to \$110,484,445 at June 30, 2013 for which the City’s full faith and credit is pledged. It is anticipated that the principal and interest on this debt will continue to be serviced by the funds incurring the debt, predominately the Water and Wastewater Funds.

The requirements to pay principal and interest on the obligations outstanding at June 30, 2013 are listed below. The annual payments for the first five years are listed individually and thereafter are listed in five-year groupings. They are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 7,804,918	\$ 3,548,525	\$ 11,353,443
2015	8,132,950	3,318,385	11,451,335
2016	8,418,719	3,073,779	11,492,498
2017	8,582,268	2,820,736	11,403,004
2018	9,069,109	2,567,232	11,636,341
2019-2023	41,953,056	8,820,139	50,773,195
2024-2028	15,091,507	4,062,434	19,153,941
2029-2033	5,307,534	2,331,836	7,639,370
2034-2038	4,244,441	1,143,487	5,387,928
2039-2041	<u>1,879,943</u>	<u>175,754</u>	<u>2,055,697</u>
	<u>\$ 110,484,445</u>	<u>\$ 31,862,307</u>	<u>\$ 142,346,752</u>

In addition, new borrowings of approximately \$85,000 have already been undertaken in the 2013-14 fiscal year that are not reflected above and the proposed 2014-15 budget contains new borrowings \$4.835 million. Continuous review of this significant debt obligation will be necessary to properly manage the City's commitments.

S. Construction Subsidies

Grants and tax increment funds have been used to partially fund construction projects. This has also reduced the amount the City was required to borrow. These sources of funding have resulted in the reduction of over 17.7% of CSO project costs and are summarized below:

Tax Increment Districts	\$ 9.8 million
EPA Grants	7.4 million
ARRA (Stimulus) Grants	5.0 million
Other Grants	1.5 million
CDBG Funds	<u>7.4 million</u>
Total	<u>\$31.1 million</u>

T. Debt Subsidies

When the CSO program was initially discussed and implemented in 1998, subsidies from other funds were always considered part of the plan so that rate increases could be mitigated. The combined subsidies to the utility funds from the General Fund, the Land Purchase Fund and other sources through the June 30, 2015 proposed budget have exceeded \$50.3 million.

The City of Port Huron has a history of operating surpluses in the General Fund. Because of conservative budgeting and cost control measures, over the past sixteen years over \$15 million has been transferred to the Wastewater Fund from the General Fund to reduce rates. A summary follows:

	<u>Transfer to Wastewater Fund</u>
June 30, 1998	\$ 800,000
June 30, 1999	2,513,730
June 30, 2000	1,772,900
June 30, 2001	1,133,712
June 30, 2002	1,012,212
June 30, 2003	0
June 30, 2004	0
June 30, 2005	0
June 30, 2006	0
June 30, 2007	700,000
June 30, 2008	3,917,400
June 30, 2009	1,939,493
June 30, 2010	1,150,000
June 30, 2011	500,000
June 30, 2012	0
June 30, 2013	<u>0</u>
Total	<u>\$ 15,439,447</u>

During the fiscal year ended June 30, 2002, due to reductions in State revenue sharing and City income tax collections, transfers from the Land Purchase Fund were initiated to further reduce utility rates by subsidizing both the Water and Wastewater Funds. For the fiscal year ending June 30, 2015, the transfer is from the Senior Citizen Housing Fund. The schedule is as follows:

	Water Fund	Wastewater Fund	Total
June 30, 2002	\$	\$ 900,000	\$ 900,000
June 30, 2003	300,000	1,600,000	1,900,000
June 30, 2004	600,000	1,300,000	1,900,000
June 30, 2005	600,000	1,300,000	1,900,000
June 30, 2006	600,000	1,600,000	2,200,000
June 30, 2007		2,200,000	2,200,000
June 30, 2008		2,200,000	2,200,000
June 30, 2009		2,295,000	2,295,000
June 30, 2010	300,000	1,950,000	2,250,000
June 30, 2011	1,550,000	700,000	2,250,000
June 30, 2012	1,025,000	1,225,000	2,250,000
June 30, 2013	575,000	1,675,000	2,250,000
June 30, 2014 (budgeted)		2,250,000	2,250,000
June 30, 2015 (proposed)		2,400,000 *	2,400,000 *
Total	<u>\$ 5,550,000</u>	<u>\$ 23,595,000</u>	<u>\$ 29,145,000</u>

* Transfer from Senior Citizen Housing Fund

During the fiscal year ended June 30, 2008, as a result of successful grant applications to fund the 7th Street Bridge, funds were identified in the Municipal Streets Fund that had previously been set aside for that project that could be used to subsidize the Wastewater Fund. Those funds have been and will be used as follows:

	<u>Transfer to Wastewater Fund</u>
June 30, 2008	\$ 1,000,000
June 30, 2009	1,000,000
June 30, 2010	1,000,000
June 30, 2011	1,000,000
June 30, 2012	1,000,000
June 30, 2013	<u>685,000</u>
Total	<u>\$ 5,685,000</u>

U. Monthly Utility Billings

During 2011, the City contracted with Johnson Controls to facilitate a city-wide automated meter reading system which would include the capability for meters to be remotely read. The project to install the automated meter reading system is now substantially complete and two meter technician positions have been eliminated from the budget.

Now that water meters can be remotely read, the City is able to begin the transition to monthly billing. Monthly billing has several benefits for our customers, including:

- The monthly water bill will be easier for our customers to budget and pay than the larger quarterly bill
- This is especially true of the sizable portion of our citizens who are seniors and/or lower income individuals
- Larger customers will also have an easier time budgeting and paying monthly bills
- Our customers will be aware of leaks or larger than normal usage sooner under monthly billing since usage will be reported to them sooner, which will ultimately reduce the customer's bill

During the summer and early fall of 2014, City Council will be presented with the necessary ordinance changes and the City will promulgate any new regulations pertaining to the Utility System. The Water Office will also begin the process of hiring and training the two additional staff needed to handle the additional volume of billings and collections. However, there will not be a net increase of employees in the Utility System since two meter technicians positions were previously eliminated.

Tentatively, in September or October 2014, the City would begin the transition to monthly billing in one or two of our eight water billing areas. This will allow City staff to address any problems or issues found on a small scale before moving on to the conversion of the remaining billing areas. The City's goal is to have all of our customers converted to monthly billing on or before June 30, 2015.

The City of Port Huron is facing increasing annual debt service costs due to CSO borrowings. As discussed above, the City has subsidized the Water and Wastewater Funds from a variety of available resources, however, those resources are being depleted.

In order to avoid an extremely large rate increase in the next three to four years, this budget proposes an average increase of 3.75%. This rate adjustment was calculated using a projection of costs and water usage over the next three years. This method smoothes out the variances that could occur year-to-year such as unusually wet or dry summers and inconsistent commercial and industrial usage. The average 3.75% increase for three years will provide the necessary revenue, when combined with continuing subsidies, for operations, capital needs and debt retirement during that period.

The effects of the proposed rate increase on the combined water and sewage rate charges for a 5/8 inch residential customer at various consumption levels, per month, are as follows:

	<u>Consumption (Cubic Feet)</u>	<u>Adjusted Rates</u>	<u>Present Rates</u>	<u>Increase</u>	<u>Percent Change</u>
	167	\$ 38.42	\$ 36.97	\$1.45	3.9%
	333	46.83	45.10	1.73	3.8%
	500	55.25	53.23	2.02	3.8%
Average Residential	567	58.62	56.49	2.13	3.8%
	667	63.67	61.37	2.30	3.7%
	833	72.08	69.50	2.58	3.7%
	1,000	80.50	77.63	2.87	3.7%
	1,167	88.92	85.77	3.15	3.7%
	1,333	97.33	93.90	3.43	3.7%
	1,500	105.75	102.03	3.72	3.6%

The current monthly charge for average residential customers and typical households can be compared to charges in other communities that are also undergoing significant CSO work. TetraTech MPS, project engineers, have provided the following monthly cost information (567 cubic feet of usage) regarding three cities whose projects compare to Port Huron:

<u>Average Residential</u>	
Sault Ste. Marie (July 1, 2013)	\$74.48
Lansing (October 1, 2013)	67.48
Port Huron (proposed)	58.62
Grand Rapids (January 1, 2014)	51.72

The Port Huron monthly costs are based upon the proposed rates. The other cities' rates are those in effect at the dates noted, prior to any proposed increases for their current fiscal years.

V. Proposed Public Works Projects

Public works projects necessary for the elimination of combined sewer overflows involve substantial sewer separation work, and include upgraded water lines where appropriate, restoration of roadways due to the sewer separation or water line work and other street reconstruction where necessary or recommended. As a result, the costs associated with these projects are recorded in the Streets Fund, the Water Fund and the Wastewater Fund. Certain of these projects could also be recorded in the tax increment funds, the Land Purchase Fund and the Community Development Block Grant Fund.

The current estimated costs of public works projects for the 2014-2015 year are as follows:

	<u>Street Funds</u>	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total</u>
Current Projects:				
Nern St. (CSO)	\$ 300,000	\$ 2,090,000	\$ 4,000,000	\$ 6,390,000
Thomas Edison Drive	150,000			150,000
Aspen Drive Area	440,000			440,000
Northern Woods Phase I	310,000			310,000
Washington - 10 th to Stone	380,000	350,000	120,000	850,000
Ramblewood	150,000			150,000
Riverview	160,000	80,000		240,000
Hickory Area	310,000	350,000		660,000
Military Street Bridge	140,000			140,000
Water Street	50,000			50,000
Total	<u>2,390,000</u>	<u>2,870,000</u>	<u>4,120,000</u>	<u>9,380,000</u>
Carryover Projects:				
Sanborn - 10 th to Stone	50,000	35,000	35,000	120,000
Riverside Drive	40,000	55,000	25,000	120,000
Stone - Lincoln to Washington	530,000	215,000	165,000	910,000
21 st St Area Ph 1 (to finalize) (CSO)	40,000	185,000	265,000	490,000
Total	<u>660,000</u>	<u>490,000</u>	<u>490,000</u>	<u>1,640,000</u>
Total Current and Carryover	3,050,000	3,360,000	4,610,000	11,020,000
Sidewalk Projects	90,000			90,000
Total	<u>\$3,140,000</u>	<u>\$3,360,000</u>	<u>\$4,610,000</u>	<u>\$11,110,000</u>

The public works projects are expected to be funded as follows:

	<u>Street Funds</u>	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total</u>
Borrowing - Bonds:				
State Revolving Fund-System	\$	\$ 2,300,000	\$ 2,535,000	\$ 4,835,000
Open Market		<u>1,060,000</u>	<u>2,075,000</u>	<u>3,135,000</u>
Total Borrowing		<u>3,360,000</u>	<u>4,610,000</u>	<u>7,970,000</u>
Other Sources:				
Grant-MDOT-Sanborn St.	36,500			36,500
Grant-MDOT-Riverside Dr.	30,000			30,000
Sidewalk Projects	90,000			90,000
Current Street Millage				
Revenues and Reserves	<u>2,983,500</u>			<u>2,983,500</u>
Total Other Sources	<u>3,140,000</u>			<u>3,140,000</u>
Total	<u>\$3,140,000</u>	<u>\$3,360,000</u>	<u>\$4,610,000</u>	<u>\$11,110,000</u>

Significant non-CSO capital projects are needed in both the Water and Wastewater Funds. The post-CSO cost of replacing watermains that are over 50 years old and were not in CSO project areas exceeds \$27.5 million at this time. Capital needs have been identified at the Water Filtration Plant and Water Storage Facilities amounting to \$2.3 million. Also, \$7.7 million in capital needs have been identified at the Wastewater Treatment Plant and Sanitary Pump Stations.

A typical budget for non-CSO capital needs is expected to be approximately \$1,350,000 per year through June 30, 2020 (\$850,000 in the Water Fund and \$500,000 in the Wastewater Fund). Beginning July 1, 2020, a typical budget for capital needs will be approximately \$3,000,000 per year (\$2,000,000 in the Water Fund and \$1,000,000 in the Wastewater Fund).

W. Special Revenue Funds

The proposed 2014-15 budget for the Cemetery Fund includes a transfer from the Land Purchase Fund in the amount of \$90,000. The Cemetery Fund has not needed a subsidy from other funds in the past six years. However, the cemetery operation was modified during the 2013-14 fiscal year to reinstate the position of Cemetery Supervisor. City Council has also approved an increase to the fees charged for various cemetery services in an effort to alleviate the need for future subsidies.

The Garbage and Rubbish Collection Fund reflects the expected annual charges in accordance with the Marcotte Disposal contract which was effective July 1, 2013. This program is supported by a millage statutorily designated for that purpose. There was further discussion regarding the decline in available revenue and the program adjustments beginning on page 21. The 2014-15 budget provides for a Public Area Program with the costs charged to the Garbage and Rubbish Collection Fund. The Public Area Program provides for trash removal from parks, beaches, marinas and other public areas maintained by the City.

The City has established a separate Rental Certification Fund to segregate all revenues and expenditures of this program so that the fee structure is based upon actual costs.

The Drug Law Enforcement and Law Enforcement Funds account for property forfeited to the City in connection with drug related activities. The Enhanced 911 Fund was established to account for the revenues and capital outlay, as required by statute, from the user fee as assessed to all city telephone customers. No further revenues are expected from the user fees as consolidation with the County dispatch has been accomplished and the funds are being used to partially fund the County contract.

The Community Development Block Grant (CDBG) Fund and the Home Program Fund are budgeted using the allocation of grant funds approved by the Council on March 24, 2014. The proposed budget allocates \$100,000 of the \$650,000 CDBG grant to infrastructure construction. This allocation will reduce the construction costs that need to be borrowed and will reduce future debt repayments. Existing staff, with assistance from part-time clerical employees, are able to manage the increased CDBG, HOME and Neighborhood Stabilization grant programs.

X. Internal Service Funds

The City operates five internal service funds, consisting of the Central Stores, Data Processing, Motor Vehicle, Energy Performance Services and Fringe Benefit Funds. These funds provide services to other activities of the City. Revenues are derived from the fee charges for the services rendered. The budget for these funds are included in this report.

The operations of the Motor Vehicle Fund were reviewed as part of the restructuring of the various Department of Public Works programs. Annual operating costs have been reduced by approximately \$750,000 over the past seven years. As a result, vehicle lease charges continue to provide reduced costs for all City activities. Similar cost reductions have been implemented in the Data Processing Fund and those charges to other activities continue at a reduced level.

Y. Tax Increment Funds

The City of Port Huron has used tax increment financing to undertake several economic development projects. This financial tool, authorized by various state statutes, allows a municipality to construct public improvements to provide incentives for industrial, commercial and residential developments. These public improvements are financed from the revenues generated by the new development from the taxes levied on the captured (increased) value of the district. The revenues are based upon the capture of all non-school taxes in those districts where no city funds have been advanced. In those districts where advances have been made prior to August 19, 1993, school taxes are also captured.

For the presented budget, it is proposed that commercial development continue to be funded by those tax increment districts which continue to have undeveloped land or significant vacant properties. The districts are noted in the following list.

Each of these districts are budgeted for separately and consist of the following:

- The Industrial Park Tax Increment Fund (taxes no longer captured)
- The Paper Company Tax Increment Fund (taxes no longer captured)
- The Krafft-Holland Tax Increment Fund (taxes no longer captured)
- The Peerless Site Tax Increment Fund (captured taxes proposed to be committed to St. Clair County)
- The Harrington Hotel Tax Increment Fund (taxes no longer captured)
- The Bank Tax Increment Fund
- The Edison Redevelopment Tax Increment Fund
- The Water Street Tax Increment Fund
- The MainStreet Tax Increment Fund
- The Industrial Park Expansion Tax Increment Fund
- The Southside Redevelopment Brownfield Redevelopment Tax Increment Fund
- The Sperry's Redevelopment Brownfield Redevelopment Tax Increment Fund
- The Harker Street Redevelopment Brownfield Redevelopment Tax Increment Fund

For the Southside Redevelopment Brownfield Redevelopment District, one-half of the incremental non-school and school taxes are captured. Expenditures are projected based upon continuance of current capital projects or development, including work related to continuing the program to eliminate combined sewer overflows. For districts where advances are repaid and projects completed, captured taxes are passed on to the appropriate taxing authorities (Industrial Park, Paper Company, Krafft-Holland and Harrington).

Appendix – Individual Fund Budgets

GENERAL FUND

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 231,777	\$ 230,000
Property taxes	6,510,000	6,510,000
Income tax	5,900,000	5,800,000
Business licenses and permits	345,000	345,000
Nonbusiness licenses and permits	275,000	270,000
Grants	400,000	436,350
State shared revenues	3,450,000	3,225,000
Charges for services	875,000	860,000
Fines and forfeits	145,000	125,000
Investment income	70,000	70,000
Rents	370,000	370,000
Sale of assets	180,000	560,000
Charges to other funds	2,077,499	1,939,739
Transfer from other funds	435,000	360,000
	<u> </u>	<u> </u>
TOTAL MEANS OF FINANCING	<u>\$ 21,264,276</u>	<u>\$ 21,101,089</u>
 ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 15,807,605	\$ 15,408,211
Supplies and materials	626,093	620,028
Contractual services	4,412,218	4,232,550
	<u>20,845,916</u>	<u>20,260,789</u>
 Transfers	 3,300	 3,300
 Capital outlay:		
Departmental	80,060	427,000
Recreational projects - County millage	130,000	130,000
MOC capital	95,000	
Available for other public improvements and/or salary adjustments	110,000	280,000
	<u> </u>	<u> </u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 21,264,276</u>	<u>\$ 21,101,089</u>

STREET FUNDS MAJOR STREETS

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 43,549	\$ 52,385
State shared revenues:		
Major streets	1,460,000	1,620,000
Trunkline maintenance	250,000	223,452
Right of way	75,000	75,000
Federal and State grants	66,500	990,000
Transfer from Municipal streets to Major streets	1,580,000	1,150,000
TOTAL MEANS OF FINANCING	\$ 3,475,049	\$ 4,110,837
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 902,915	\$ 906,245
Supplies and materials	219,420	234,321
Contractual services:		
Engineering and other professional services	572,714	480,271
Transfer from Major streets to Local streets	440,000	440,000
	<u>2,135,049</u>	<u>2,060,837</u>
Capital outlay:		
Street resurfacing and/or reconstruction from:		
Street millage	440,000	460,000
Other sources	900,000	1,590,000
TOTAL ESTIMATED REQUIREMENTS	\$ 3,475,049	\$ 4,110,837

STREET FUNDS LOCAL STREETS

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 52,564	\$ 42,145
State shared revenues:		
Local streets	520,000	490,000
Right of way	22,000	22,000
State grants		900,000
Transfers:		
Transfer from Major streets to Local streets	440,000	440,000
Transfer from Municipal streets to Local streets	1,720,000	850,000
	<u> </u>	<u> </u>
TOTAL MEANS OF FINANCING	\$ 2,754,564	\$ 2,744,145
	<u> </u>	<u> </u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 595,115	\$ 599,233
Supplies and materials	105,511	112,662
Contractual services	343,938	342,250
	<u> </u>	<u> </u>
	1,044,564	1,054,145
Capital outlay:		
Street resurfacing and/or reconstruction from:		
Street millage	660,000	655,000
Other sources	1,050,000	1,035,000
	<u> </u>	<u> </u>
TOTAL ESTIMATED REQUIREMENTS	\$ 2,754,564	\$ 2,744,145
	<u> </u>	<u> </u>

STREET FUNDS MUNICIPAL STREETS

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 2,276,269	\$ 959,465
Taxes:		
Real property taxes	925,000	927,500
Personal property taxes	175,000	187,500
BWATC	450,000	430,000
Investment income	1,000	5,000
	<u> </u>	<u> </u>
TOTAL MEANS OF FINANCING	<u>\$ 3,827,269</u>	<u>\$ 2,509,465</u>
 ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 38,448	\$ 38,722
Supplies and materials	3,210	5,066
Contractual services:		
Engineering and other professional services	35,611	35,677
BWATC property taxes	450,000	430,000
Transfers:		
From Municipal streets to Major streets	1,580,000	1,150,000
From Municipal streets to Local streets	1,720,000	850,000
	<u> </u>	<u> </u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 3,827,269</u>	<u>\$ 2,509,465</u>

STREET FUNDS
COMBINED MAJOR, LOCAL AND MUNICIPAL STREETS

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 2,372,382	\$ 1,053,995
Taxes:		
Real property taxes	925,000	927,500
Personal property taxes	175,000	187,500
BWATC	450,000	430,000
State shared revenues:		
Major streets	1,460,000	1,620,000
Local streets	520,000	490,000
Trunkline maintenance	250,000	223,452
Right of way	97,000	97,000
Federal and State grants	66,500	1,890,000
Investment income	1,000	5,000
Transfers:		
From Major streets to Local streets	440,000	440,000
From Municipal streets to Major streets	1,580,000	1,150,000
From Municipal streets to Local streets	1,720,000	850,000
TOTAL MEANS OF FINANCING	<u>\$ 10,056,882</u>	<u>\$ 9,364,447</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 1,536,478	\$ 1,544,200
Supplies and materials	328,141	352,049
Contractual services:		
Engineering and other professional services	952,263	858,198
BWATC property taxes	450,000	430,000
Transfers:		
From Major streets to Local streets	440,000	440,000
From Municipal streets to Major streets	1,580,000	1,150,000
From Municipal streets to Local streets	1,720,000	850,000
	<u>7,006,882</u>	<u>5,624,447</u>
Capital outley:		
Street resurfacing and/or reconstruction from:		
Street millage	1,100,000	1,115,000
Other sources	1,950,000	2,625,000
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 10,056,882</u>	<u>\$ 9,364,447</u>

CEMETERY FUND

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 20,411	\$ 106,788
Foundations	20,000	17,000
Graveside interments	50,000	50,000
Chapel interments	50,000	45,000
Other services	30,000	38,000
Sale of assets		10,000
Transfer from Land purchase fund	90,000	
Transfer from Cemetery perpetual care fund	<u>235,000</u>	<u>240,000</u>
TOTAL MEANS OF FINANCING	<u>\$ 495,411</u>	<u>\$ 506,788</u>
 ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 316,842	\$ 311,773
Supplies and materials	29,488	31,714
Contractual services	<u>126,081</u>	<u>119,301</u>
	472,411	462,788
 Capital outlay	 <u>23,000</u>	 <u>44,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 495,411</u>	<u>\$ 506,788</u>

GARBAGE AND RUBBISH COLLECTION FUND

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 208,028	\$ 125,310
Taxes:		
Real property taxes	1,305,000	1,310,000
Personal property taxes	245,000	265,000
Penalties and interest on taxes	5,000	5,000
	<u> </u>	<u> </u>
TOTAL MEANS OF FINANCING	\$ 1,763,028	\$ 1,705,310
	<u> </u>	<u> </u>
ESTIMATED REQUIREMENTS:		
Rubbish Collection Program:		
Ordinary recurring expenses:		
Personal services	\$ 17,262	\$ 8,899
Supplies and materials	3,848	3,748
Contractual services	1,632,921	1,585,858
	<u> </u>	<u> </u>
	1,654,031	1,598,505
	<u> </u>	<u> </u>
Public Area Collection Program:		
Ordinary recurring expenses:		
Personal services	67,610	67,200
Contractual services	41,387	39,605
	<u> </u>	<u> </u>
	108,997	106,805
	<u> </u>	<u> </u>
TOTAL ESTIMATED REQUIREMENTS	\$ 1,763,028	\$ 1,705,310
	<u> </u>	<u> </u>

RENTAL CERTIFICATION FUND

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 28,752	\$ 23,729
Charges for services	<u>250,000</u>	<u>227,011</u>
TOTAL MEANS OF FINANCING	<u>\$ 278,752</u>	<u>\$ 250,740</u>
 ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 247,317	\$ 213,298
Supplies and materials	5,200	5,100
Contractual services	<u>26,235</u>	<u>22,342</u>
	<u>278,752</u>	<u>240,740</u>
Capital outlay	<u> </u>	<u>10,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 278,752</u>	<u>\$ 250,740</u>

O.U.I.L. FUND

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
MEANS OF FINANCING:		
Fines and forfeits	\$ 34,000	\$ 17,000
TOTAL MEANS OF FINANCING	\$ 34,000	\$ 17,000
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Supplies and materials	\$ 5,500	\$ 5,500
Contractual services	8,500	1,500
	<u>14,000</u>	<u>7,000</u>
Capital outlay	<u>20,000</u>	<u>10,000</u>
TOTAL ESTIMATED REQUIREMENTS	\$ 34,000	\$ 17,000

DRUG LAW ENFORCEMENT FUND

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
MEANS OF FINANCING:		
Fines and forfeits	\$ 56,000	\$ 50,000
TOTAL MEANS OF FINANCING	\$ 56,000	\$ 50,000
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Supplies and materials	\$ 10,000	\$ 5,000
Contractual services	6,000	5,000
	<u>16,000</u>	<u>10,000</u>
Capital outlay	<u>40,000</u>	<u>40,000</u>
TOTAL ESTIMATED REQUIREMENTS	\$ 56,000	\$ 50,000

LAW ENFORCEMENT FUND

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
MEANS OF FINANCING:		
Charges for services	\$ 5,000	\$ 5,000
TOTAL MEANS OF FINANCING	<u>\$ 5,000</u>	<u>\$ 5,000</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Supplies and materials	\$ 5,000	\$ 5,000
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 5,000</u>	<u>\$ 5,000</u>

ENHANCED 911 FUND

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 25,000	\$ 25,000
TOTAL MEANS OF FINANCING	<u>\$ 25,000</u>	<u>\$ 25,000</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Contractual services	\$	\$
Capital outlay	<u>25,000</u>	<u>25,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 25,000</u>	<u>\$ 25,000</u>

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Federal grant		
Current allocation	\$ 650,000	\$ 650,000
	<u> </u>	<u> </u>
TOTAL MEANS OF FINANCING	\$ 650,000	\$ 650,000
	<u> </u>	<u> </u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Code enforcement/neighborhood preservation:		
Personal services	\$ 115,860	\$ 109,704
Supplies and materials	700	1,200
Contractual services	13,440	19,096
	<u> </u>	<u> </u>
	130,000	130,000
Capital outlay - programs:		
Infrastructure construction including street resurfacing/paving	100,000	100,000
Economic redevelopment		75,000
Emergency home repairs	20,000	50,000
Sidewalk replacement	25,000	
Rehabilitation	150,000	230,000
Code enforcement	50,000	35,000
Demolitions	75,000	
Project brush-up	25,000	25,000
Neighborhood clean-up		5,000
Blue Water Developmental Housing	50,000	
Safe Horizon's	25,000	
	<u> </u>	<u> </u>
TOTAL ESTIMATED REQUIREMENTS	\$ 650,000	\$ 650,000
	<u> </u>	<u> </u>

NEIGHBORHOOD REHABILITATION FUND

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Federal grant carryover	\$ <u> </u>	\$ <u> 500,000</u>
TOTAL MEANS OF FINANCING	<u>\$ 0</u>	<u>\$ 500,000</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$	\$ 22,194
Supplies and materials		7,806
Contractual services		<u>10,000</u>
	<u> 0</u>	<u> 40,000</u>
Capital outlay:		
Housing improvements		<u> 460,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 0</u>	<u>\$ 500,000</u>

HOME PROGRAM FUND

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
MEANS OF FINANCING:		
Federal grant		
Current allocation	\$ 180,000	\$ 160,000
Federal grant carryover		4,000
TOTAL MEANS OF FINANCING	\$ 180,000	\$ 164,000
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Code enforcement/neighborhood preservation:		
Personal services	\$ 17,325	\$ 19,680
Supplies and materials	565	
Contractual services	110	320
	<u>18,000</u>	<u>20,000</u>
Capital outlay:		
CHDO project	27,000	24,000
CHDO administration	9,000	8,000
Urban pioneer	60,000	112,000
Affordable housing	66,000	
TOTAL ESTIMATED REQUIREMENTS	\$ 180,000	\$ 164,000

STREETSCAPE MAINTENANCE FUND

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 22,500	\$ 22,500
Charges for services	25,175	25,175
Transfer from TIF districts	<u>22,325</u>	<u>22,325</u>
TOTAL MEANS OF FINANCING	<u>\$ 70,000</u>	<u>\$ 70,000</u>
 ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 1,650	\$ 1,640
Supplies and materials	350	350
Contractual services	<u>44,000</u>	<u>44,010</u>
	46,000	46,000
 Capital outlay	<u>24,000</u>	<u>24,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 70,000</u>	<u>\$ 70,000</u>

BEAUTIFICATION COMMISSION FUND

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 1,500	\$ 1,500
Miscellaneous	2,500	2,500
Transfer from General fund	<u>3,300</u>	<u>3,300</u>
TOTAL MEANS OF FINANCING	<u>\$ 7,300</u>	<u>\$ 7,300</u>
 ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Supplies and materials	\$ 6,500	\$ 6,500
Contractual services	<u>800</u>	<u>800</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 7,300</u>	<u>\$ 7,300</u>

MARINA FUND

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 43,373	\$ 198,485
Charges for services - share of operating income	40,000	40,000
Grant from State of Michigan	75,000	70,000
Transfer from Land Purchase fund	<u>180,000</u>	<u>90,000</u>
TOTAL MEANS OF FINANCING	<u>\$ 338,373</u>	<u>\$ 398,485</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 9,900	\$ 7,400
Supplies and materials	3,335	3,135
Contractual services	<u>280,138</u>	<u>262,950</u>
	293,373	273,485
Capital outlay	<u>45,000</u>	<u>125,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 338,373</u>	<u>\$ 398,485</u>

SENIOR CITIZENS HOUSING FUND

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 2,400,000	\$
	<u> </u>	<u> </u>
TOTAL MEANS OF FINANCING	<u>\$ 2,400,000</u>	<u>\$ 0</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Transfer to Wastewater fund	\$ 2,400,000	\$
	<u> </u>	<u> </u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 2,400,000</u>	<u>\$ 0</u>

LAND PURCHASE FUND

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 30,000	\$ 2,426,000
Investment income	11,000	65,000
Rents	40,000	230,000
Federal grant - recreation path		250,000
Other income	10,000	10,000
Transfer from tax increment funds:		
Bank	3,000	40,000
Edison redevelopment	237,000	232,000
Water street	300,000	343,000
Industrial park expansion	254,000	249,000
	<u> </u>	<u> </u>
TOTAL MEANS OF FINANCING	\$ 885,000	\$ 3,845,000
	<u> </u>	<u> </u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Contractual services:		
Engineering and other professional services	\$ 25,000	\$ 25,000
Transfer to:		
General fund	435,000	360,000
Cemetery fund	90,000	
Wastewater fund		2,250,000
Parking fund	105,000	90,000
Marina fund - River Street	180,000	90,000
Harker Street brownfield redevelopment	25,000	520,000
	<u> </u>	<u> </u>
	860,000	3,335,000
Capital outlay:		
Building maintenance and other costs	25,000	25,000
Recreation path - Military Street to 10th Street		485,000
	<u> </u>	<u> </u>
TOTAL ESTIMATED REQUIREMENTS	\$ 885,000	\$ 3,845,000
	<u> </u>	<u> </u>

PARKING FUND

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 1,714	\$ 4,425
Street meters	24,000	26,000
Parking lots		2,000
Transfer from Land purchase fund	105,000	90,000
	<u> </u>	<u> </u>
TOTAL MEANS OF FINANCING	\$ 130,714	\$ 122,425
	<u> </u>	<u> </u>
ESTIMATED REQUIREMENTS:		
Parking System - Non Revenue Producing:		
Ordinary recurring expenses:		
Personal services	\$ 20,845	\$ 19,080
Supplies and materials	2,350	1,850
Contractual services	78,523	72,228
	<u>101,718</u>	<u>93,158</u>
Parking System - Revenue Producing:		
Ordinary recurring expenses:		
Personal services	9,544	9,534
Supplies and Materials	5,270	5,490
Contractual services	14,182	14,243
	<u>28,996</u>	<u>29,267</u>
TOTAL ESTIMATED REQUIREMENTS	\$ 130,714	\$ 122,425
	<u> </u>	<u> </u>

WATER FUND

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 1,108,624	\$ 400,000
Sale of water	7,010,000	6,856,483
Penalty charges	55,000	50,000
Hydrant charges	58,640	57,520
Charges for services	35,000	30,000
Investment income	5,000	5,000
Tax increment funds - construction projects		230,000
Proceeds from issuance of long-term revenue bonds:		
State Drinking Water Revolving fund bonds	2,300,000	4,550,000
Other revenue bonds	1,060,000	1,070,000
Pro rata share of water administration and meter reading budget reimbursed from Wastewater fund	<u>630,169</u>	<u>569,896</u>
TOTAL MEANS OF FINANCING	<u>\$ 12,262,433</u>	<u>\$ 13,818,899</u>
 ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 1,899,470	\$ 1,897,286
Supplies and materials	419,012	356,412
Contractual services	<u>1,738,743</u>	<u>1,636,810</u>
	4,057,225	3,890,508
 Debt service requirements for payment of principal and interest on Revenue and State Drinking Water Revolving Fund bonds	 4,295,000	 3,901,500
 Capital outlay:		
Departmental	550,208	176,891
Construction projects	<u>3,360,000</u>	<u>5,850,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 12,262,433</u>	<u>\$ 13,818,899</u>

WASTEWATER FUND

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 1,481,960	\$ 1,400,000
Sewage charges	9,290,000	8,892,382
Penalty charges	140,000	130,000
Other income	30,000	30,000
Investment income	15,000	25,000
Proceeds for operating and capital costs:		
Fort Gratiot Township	770,000	720,000
Port Huron Township	850,000	800,000
Kimball Township	310,000	290,000
Proceeds from issuance of long-term revenue bonds:		
State Revolving fund bonds	2,535,000	4,170,000
Other limited obligation bonds - Collection system	2,075,000	1,730,000
Other limited obligation bonds - Plant		970,000
Transfer from enterprise funds:		
Land purchase fund		2,250,000
Senior citizens housing fund	2,400,000	
	<u>19,896,960</u>	<u>21,407,382</u>
TOTAL MEANS OF FINANCING	\$ 19,896,960	\$ 21,407,382
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 2,785,695	\$ 2,755,186
Supplies and materials	656,583	654,782
Contractual services	4,017,348	3,849,414
	<u>7,459,626</u>	<u>7,259,382</u>
Debt service requirements for payment of principal and interest on Revenue and State Revolving Fund bonds	7,274,000	7,198,000
Capital outlay:		
Departmental	553,334	80,000
Construction projects - Plant		970,000
Construction projects - Collection system	4,610,000	5,900,000
	<u>4,610,000</u>	<u>5,900,000</u>
TOTAL ESTIMATED REQUIREMENTS	\$ 19,896,960	\$ 21,407,382

CENTRAL STORES FUND

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
MEANS OF FINANCING:		
Charges for services	\$ 135,272	\$ 133,129
TOTAL MEANS OF FINANCING	\$ 135,272	\$ 133,129
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 14,850	\$ 14,760
Supplies and materials	35,600	35,400
Contractual services	65,822	63,969
	<u>116,272</u>	<u>114,129</u>
Capital outlay	<u>19,000</u>	<u>19,000</u>
TOTAL ESTIMATED REQUIREMENTS	\$ 135,272	\$ 133,129

DATA PROCESSING FUND

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 160,495	\$ 180,366
Charges for services	<u>589,242</u>	<u>542,616</u>
TOTAL MEANS OF FINANCING	<u>\$ 749,737</u>	<u>\$ 722,982</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 393,893	\$ 391,526
Supplies and materials	70,800	70,800
Contractual services	<u>191,544</u>	<u>191,736</u>
	<u>656,237</u>	<u>654,062</u>
Capital outlay	<u>93,500</u>	<u>68,920</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 749,737</u>	<u>\$ 722,982</u>

MOTOR VEHICLE FUND

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$	\$ 232,595
Charges for services	<u>2,095,191</u>	<u>1,920,000</u>
TOTAL MEANS OF FINANCING	<u>\$ 2,095,191</u>	<u>\$ 2,152,595</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services	\$ 531,007	\$ 536,040
Supplies and materials	454,868	465,970
Contractual services	<u>609,901</u>	<u>610,070</u>
	1,595,776	1,612,080
Capital outlay	<u>499,415</u>	<u>540,515</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 2,095,191</u>	<u>\$ 2,152,595</u>

ENERGY PERFORMANCE SERVICES FUND

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
MEANS OF FINANCING:		
Charges for services	\$ 330,000	\$ 300,000
TOTAL MEANS OF FINANCING	<u>\$ 330,000</u>	<u>\$ 300,000</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Contractual services	\$ 30,000	\$ 10,000
Debt service requirements for principal and interest on energy performance debt	<u>300,000</u>	<u>290,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 330,000</u>	<u>\$ 300,000</u>

INSURANCE AND FRINGE BENEFIT FUND

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 770,000	\$ 950,000
Charges for services	<u>10,500,000</u>	<u>10,328,000</u>
TOTAL MEANS OF FINANCING	<u>\$ 11,270,000</u>	<u>\$ 11,278,000</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Personal services:		
Healthcare premiums - employees	\$ 2,075,000	\$ 2,275,000
Healthcare premiums - retirees	3,400,000	3,600,000
Pension contributions	3,490,000	2,950,000
Payroll taxes	730,000	725,000
Workers compensation insurance	120,000	120,000
Dental insurance	245,000	245,000
Unemployment insurance	90,000	90,000
Disability benefits	50,000	50,000
Vacation and sick pay	250,000	250,000
Other	<u>289,000</u>	<u>254,500</u>
	10,739,000	10,559,500
Supplies and materials	500	500
Contractual services	<u>530,500</u>	<u>718,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 11,270,000</u>	<u>\$ 11,278,000</u>

Appendix – Tax Increment Authority Fund Budgets

INDUSTRIAL PARK TAX INCREMENT FUND

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 50,000	\$ 100,000
Taxes:		
Real property taxes	445,000	441,000
Personal property taxes	<u>563,000</u>	<u>564,000</u>
TOTAL MEANS OF FINANCING	<u><u>\$ 1,058,000</u></u>	<u><u>\$ 1,105,000</u></u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Property taxes not captured due to repayment of advances	\$ 1,008,000	\$ 1,005,000
Contractual services:		
Professional and other services:		
Industrial development	<u>50,000</u>	<u>50,000</u>
	1,058,000	1,055,000
Capital outlay:		
Infrastructure improvements	<u> </u>	<u>50,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u><u>\$ 1,058,000</u></u>	<u><u>\$ 1,105,000</u></u>

PAPER COMPANY TAX INCREMENT FUND

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 100,000	\$ 100,000
Taxes:		
Real property taxes	(14,000)	(13,000)
Personal property taxes	<u>290,000</u>	<u>283,000</u>
TOTAL MEANS OF FINANCING	<u>\$ 376,000</u>	<u>\$ 370,000</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Property taxes not captured due to repayment of advances	\$ 276,000	\$ 270,000
Contractual services	<u>100,000</u>	<u>100,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 376,000</u>	<u>\$ 370,000</u>

KRAFFT-HOLLAND TAX INCREMENT FUND

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 65,000	\$ 25,000
Taxes:		
Real property taxes	437,000	427,000
Personal property taxes	<u>20,000</u>	<u>20,000</u>
TOTAL MEANS OF FINANCING	<u>\$ 522,000</u>	<u>\$ 472,000</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Property taxes not captured due to repayment of advances	\$ 457,000	\$ 447,000
Capital outlay:		
Infrastructure improvements	<u>65,000</u>	<u>25,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 522,000</u>	<u>\$ 472,000</u>

PEERLESS SITE TAX INCREMENT FUND

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
MEANS OF FINANCING:		
Taxes:		
Real property taxes	\$ 46,000	\$ 46,000
Personal property taxes	(1,000)	(1,000)
TOTAL MEANS OF FINANCING	<u>\$ 45,000</u>	<u>\$ 45,000</u>
 ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Contractual services:		
Payment to St. Clair County - development agreement	\$ 45,000	\$ 45,000
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 45,000</u>	<u>\$ 45,000</u>

**DOWNTOWN DEVELOPMENT AUTHORITY (DDA)
OPERATING FUND**

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 125,000	\$ 100,000
Taxes:		
Real property taxes	60,000	60,000
Personal property taxes	9,000	9,000
Penalties and interest on taxes	500	500
	<u> </u>	<u> </u>
TOTAL MEANS OF FINANCING	\$ 194,500	\$ 169,500
	<u> </u>	<u> </u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Contractual services:		
Downtown development and incentives	\$ 120,325	\$ 92,325
Advertising	16,250	16,250
Event promotion	23,000	26,000
Streetscape program	7,675	7,675
Physical improvements	22,750	22,750
DDA operations	4,500	4,500
	<u> </u>	<u> </u>
TOTAL ESTIMATED REQUIREMENTS	\$ 194,500	\$ 169,500
	<u> </u>	<u> </u>

WATER STREET DDA TAX INCREMENT FUND

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
MEANS OF FINANCING:		
Taxes:		
Real property taxes	\$ 293,000	\$ 337,000
Personal property taxes	22,000	21,000
TOTAL MEANS OF FINANCING	\$ 315,000	\$ 358,000
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Contractual services:		
Streetscape program	\$ 6,550	\$ 6,550
Professional and other services	3,450	3,450
Transfer to Land purchase fund	300,000	343,000
	310,000	353,000
Capital outlay:		
Infrastructure improvements	5,000	5,000
TOTAL ESTIMATED REQUIREMENTS	\$ 315,000	\$ 358,000

BANK DDA TAX INCREMENT FUND

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$	\$ 40,000
Taxes:		
Real property taxes	5,000	5,000
Personal property taxes	3,000	3,000
TOTAL MEANS OF FINANCING	\$ 8,000	\$ 48,000
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Contractual services:		
Professional and other services	\$	\$ 3,000
Transfer to Land purchase fund	3,000	40,000
	3,000	43,000
Capital outlay:		
Available for infrastructure improvements or other services	5,000	5,000
TOTAL ESTIMATED REQUIREMENTS	\$ 8,000	\$ 48,000

HARRINGTON HOTEL DDA TAX INCREMENT FUND

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$ 90,000	\$ 100,000
Taxes:		
Real property taxes		
Personal property taxes		
	<u> </u>	<u> </u>
TOTAL MEANS OF FINANCING	<u>\$ 90,000</u>	<u>\$ 100,000</u>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Contractual services:		
Streetscape program	\$ 1,675	\$ 1,675
Professional and other services	8,325	8,325
	<u>10,000</u>	<u>10,000</u>
Capital outlay:		
Available for infrastructure improvements or other services	80,000	90,000
	<u>80,000</u>	<u>90,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 90,000</u>	<u>\$ 100,000</u>

EDISON REDEVELOPMENT DDA TAX INCREMENT FUND

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
MEANS OF FINANCING:		
Taxes:		
Real property taxes	\$ 258,000	\$ 254,000
Personal property taxes	4,000	3,000
TOTAL MEANS OF FINANCING	\$ 262,000	\$ 257,000
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Contractual services:		
Professional and other services	\$ 10,000	\$ 10,000
Transfer to Land purchase fund	237,000	232,000
	247,000	242,000
Capital outlay:		
Parkway and other infrastructure improvements	15,000	15,000
TOTAL ESTIMATED REQUIREMENTS	\$ 262,000	\$ 257,000

MAINSTREET DDA TAX INCREMENT FUND

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Estimated designated fund balance at July 1	\$	\$ 20,000
Taxes:		
Real property taxes	70,500	70,500
Personal property taxes	<u>(10,500)</u>	<u>(10,500)</u>
TOTAL MEANS OF FINANCING	<u>\$ 60,000</u>	<u>\$ 80,000</u>
 ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Contractual services:		
Streetscape program	\$ 14,100	\$ 14,100
Professional and other services	5,900	5,900
Downtown Kayak Launch	<u>30,000</u>	<u> </u>
	50,000	20,000
Capital outlay:		
Infrastructure and other improvements		10,000
Available for public improvements and/or other services	<u>10,000</u>	<u>50,000</u>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 60,000</u>	<u>\$ 80,000</u>

**INDUSTRIAL PARK EXPANSION LOCAL DEVELOPMENT FINANCE
TAX INCREMENT FUND**

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
	<hr/>	<hr/>
MEANS OF FINANCING:		
Taxes:		
Real property taxes	\$ 97,000	\$ 95,000
Personal property taxes	257,000	254,000
	<hr/>	<hr/>
TOTAL MEANS OF FINANCING	\$ 354,000	\$ 349,000
	<hr/> <hr/>	<hr/> <hr/>
ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Contractual services:		
Professional and other services:		
Industrial development	\$ 25,000	\$ 25,000
Transfer to Land purchase fund	254,000	249,000
	<hr/>	<hr/>
	279,000	274,000
	<hr/>	<hr/>
Capital outlay:		
Infrastructure improvements	75,000	75,000
	<hr/>	<hr/>
TOTAL ESTIMATED REQUIREMENTS	\$ 354,000	\$ 349,000
	<hr/> <hr/>	<hr/> <hr/>

**SOUTHSIDE REDEVELOPMENT
BROWNFIELD REDEVELOPMENT TAX INCREMENT FUND**

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
	<u> </u>	<u> </u>
MEANS OF FINANCING:		
Taxes:		
Real property taxes	\$ 261,000	\$ 246,000
Personal property taxes	22,000	21,000
	<u> </u>	<u> </u>
TOTAL MEANS OF FINANCING	<u><u>\$ 283,000</u></u>	<u><u>\$ 267,000</u></u>
 ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Contractual services:		
Repayment to developer	\$ 283,000	\$ 267,000
	<u> </u>	<u> </u>
TOTAL ESTIMATED REQUIREMENTS	<u><u>\$ 283,000</u></u>	<u><u>\$ 267,000</u></u>

**SPERRY'S REDEVELOPMENT
BROWNFIELD REDEVELOPMENT TAX INCREMENT FUND**

Budget Summary

	Proposed Budget 2014-2015	Adopted Budget 2013-2014
	<hr/>	<hr/>
MEANS OF FINANCING:		
Taxes:		
Real property taxes	\$ 7,000	\$ 7,000
Personal property taxes	1,000	1,000
	<hr/>	<hr/>
TOTAL MEANS OF FINANCING	<u>\$ 8,000</u>	<u>\$ 8,000</u>
 ESTIMATED REQUIREMENTS:		
Ordinary recurring expenses:		
Contractual services:		
Repayment to developer and/or other entities	\$ 8,000	\$ 8,000
	<hr/>	<hr/>
TOTAL ESTIMATED REQUIREMENTS	<u>\$ 8,000</u>	<u>\$ 8,000</u>

Appendix - Governmental Funds Summary

GOVERNMENTAL FUNDS SUMMARY

Budget Summary

2014-2015

Governmental Fund	Estimated Designated Fund Balance July 1, 2014	Budget 2014-2015		Estimated Change In Fund Balance June 30, 2015
		Means of Financing	Estimated Requirements	
General fund	\$ 231,777	\$ 21,032,499	\$ 21,264,276	\$
Major streets fund	\$ 43,549	\$ 3,431,500	\$ 3,475,049	\$
Local streets fund	\$ 52,564	\$ 2,702,000	\$ 2,754,564	\$
Municipal streets fund	\$ 2,276,269	\$ 1,551,000	\$ 3,827,269	\$
Cemetery fund	\$ 20,411	\$ 475,000	\$ 495,411	\$
Garbage and rubbish collection fund	\$ 208,028	\$ 1,555,000	\$ 1,763,028	\$
Rental certification fund	\$ 28,752	\$ 250,000	\$ 278,752	\$
O.U.I.L. fund	\$	\$ 34,000	\$ 34,000	\$
Drug law enforcement fund	\$	\$ 56,000	\$ 56,000	\$
Law enforcement fund	\$	\$ 5,000	\$ 5,000	\$
Enhanced 911 fund	\$ 25,000	\$	\$ 25,000	\$
Community development block grant fund	\$	\$ 650,000	\$ 650,000	\$
Neighborhood rehabilitation fund	\$	\$	\$	\$
Home program fund	\$	\$ 180,000	\$ 180,000	\$
Streetscape maintenance fund	\$ 22,500	\$ 47,500	\$ 70,000	\$
Beautification commission fund	\$ 1,500	\$ 5,800	\$ 7,300	\$
Industrial park tax increment fund	\$ 50,000	\$ 1,008,000	\$ 1,058,000	\$

(Continued on next page)

GOVERNMENTAL FUNDS SUMMARY

Budget Summary

2014-2015

Governmental Fund	Estimated Designated Fund Balance July 1, 2014	Budget 2014-2015		Estimated Change In Fund Balance June 30, 2015
		Means of Financing	Estimated Requirements	
Paper company tax increment fund	\$ 100,000	\$ 276,000	\$ 376,000	\$
Krafft-Holland tax increment fund	\$ 65,000	\$ 457,000	\$ 522,000	\$
Peerless site tax increment fund	\$	\$ 45,000	\$ 45,000	\$
Downtown development fund	\$ 125,000	\$ 69,500	\$ 194,500	\$
Water Street tax increment fund	\$	\$ 315,000	\$ 315,000	\$
Bank tax increment fund	\$	\$ 8,000	\$ 8,000	\$
Harrington Hotel tax increment fund	\$ 90,000	\$	\$ 90,000	\$
Edison redevelopment tax increment fund	\$	\$ 262,000	\$ 262,000	\$
Mainstreet tax increment fund	\$	\$ 60,000	\$ 60,000	\$
Industrial park expansion tax increment fund	\$	\$ 354,000	\$ 354,000	\$
Brownfield redevelopment tax increment fund:				
Southside redevelopment	\$	\$ 283,000	\$ 283,000	\$
Harker Street redevelopment	\$	\$ 25,000	\$ 25,000	\$
Sperry's redevelopment	\$	\$ 8,000	\$ 8,000	\$